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NEWS SUMMARY

GENERAL

Iran clash over minister

Iran's ruling Revolutionary Council ordered the release of jailed Information Minister Nasser Minachi, detained after students occupying the U.S. Embassy accused him of links with the CIA.

President Abol Hassan Bani-Sadr said: "We have a constitutional law, and we should follow the legal procedures." Earlier, he accused the students of acting in a self-centred way, and behaving like a government within a government.

Mugabe attack

Rhodesian nationalist leader Robert Mugabe accused forces loyal to rival party leader Bishop Muzorewa of responsibility for bomb attacks on his Salisbury home, and that of a senior party aide. Back Page; Parliament, Pag 8

Soviets move in

Armoured force direct from the Soviet Union has entered Kandahar, Afghanistan's main southern city, 95 miles from the Pakistan border. Page 3; Afghan crisis, Page 8

Detainees freed

El Salvador's ruling junta freed seven of 13 detainees in San Miguel, in exchange for seven diplomats held by left wingers at the Spanish embasy. Page 4

Envoy hurt

Turkish ambassador to Switzerland was injured when gunmen from an Armenian guerrilla group fired on his car in Berne.

Drugs ring

Four men who ran an international drugs syndicate which sold stolen cars to buy £20m of cannabis over four years, were jailed for a total of 20 years at Birmingham Crown Court.

Jail riot deaths

Three prisoners were shot dead and ten recaptured when 80 broke out of a south Philippines jail. In Chile, police regained control of Santiago jail after fighting in which one inmate died and 28 were injured.

Fourth channel

New Broadcasting Bill was published, making clear that the fourth channel, due to open in 1982, would be a "commercial BBC-2," giving greater scope for minority interests. Page 8; Editorial comment, Page 20

EEC entry bid

Turkey expects to apply this year to join the EEC, Foreign Minister Hayrettin Erkmen said. Page 2

Salem 'clues'

West German police are searching the Frankfurt area for businessman who may hold important clues to the mystery of the tanker Salem's missing oil cargo. Shell sees Salem witnesses, Page 6

Korea talks

South Korea proposed that the Premiers of North and South Korea should meet in Geneva in a bid to start talks on reunification of the country. Page 3

Pasta joke

Italy's restaurants are threatening to close for two days this month and next in protest at regulations requiring a value-added tax return for each meal served. Page 2

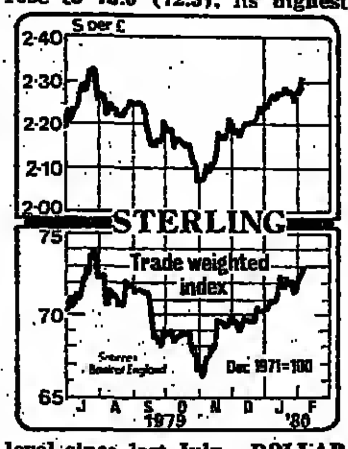
Briefly...

Australia beat England by eight wickets in the Third Test in Melbourne.

BUSINESS

Sterling up 2.2c; Equities stronger

● STERLING gained ground as prospects of any imminent fall in MLR receded, closing at $2.3125, a rise of 2.2c on the day. Its trade-weighted index rose to 73.0 (72.5), its highest level since last July. DOLLAR closed at DM 1.7325 (DM 1.7420). Its index fell to 84.9 (85.1). Money markets, Page 25; Back Page



● EQUITIES were stronger on steel strike optimism and the FT 30-share index gained 8.1 to close at 455.9. The Gold Mines index rose 18.5 to close at 344.8.

● GOLD rose $32 in London to close at $717.50.

● GILTS remained sensitive to the latest increase in the monetary growth and the Government Securities index fell 0.21 to 65.48.

● WALL STREET was 0.60 down at 876.02 near the close.

Dealings probe at Hedderwick

● CITY OF LONDON Fraud Squad is examining certain dealings in gilt-edged securities which took place at City stockbrokers Hedderwick Sterling Grumbar in 1977 and 1978. Page 6

● GOVERNMENT stepped up its campaign to lower Britain's contribution to the EEC budget by implying that the Common Market had broken undertakings about UK contributions made 10 years ago. Back Page: CAP will cost consumer £2.2bn, Page 6

● CONSOLIDATED GOLD FIELDS has failed in its bid to enlist the support of the Stock Exchange in fending off the threat of takeover implicit in the heavy mystery buying of its shares. Back Page and Lex

● OMAN is raising the price of its oil by $2 a barrel to $30.20, backdated to January 1. Rising oil prices, Page 20

● BRITISH TRADE policy must strike a balance between the need to protect home industry from unfair and disruptive imports and the effective promotion of export trade, Mr. John Nott, Trade Secretary, said. Page 8

● WEIR GROUP is to close a steel foundry in Sheffield, with a loss of 850 jobs, only four months after closing one in Cumbria employing 130. Page 6

COMPANIES

● DOWTY GROUP saw pre-tax profits for the six months to September 30, 1979, advance £3.27m to £17.39m. Home sales fell from £75.8m to £66.6m but exports soared from £35.3m to £82.8m. Page 22 and Lex

● UNITED DOMINIONS TRUST, the finance and industrial services group, reported a fall in pre-tax profits from £8.5m to £7.9m for the half year to December 31, 1979. The retained surplus emerged higher at £5.3m compared with £3.9m. Page 23 and Lex

● MINING SUPPLIES, hit by the effects of the national engineering dispute, saw pre-tax profits more than halved in the six months to October 27, 1979, from £1.22m to £551,000. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES						
Exchequer 8¼% 1981	£91¼	+ ¾	Turner & Newall	132	+	6
Treasury 12¼% 2003-05 A (£25 pd.)	£21¼	+ ½	Unitech	268	+	8
Abercom	145	+ 13	LASMO	472	+	29
Bowthorpe	112	+ 6	Tricentrol	274	+	11
Coral Leisure	72	+ 4	Castlefield (Klang)	460	+	15
Courtaulds	77	+ 3	Anglo American Crp.	650	+	50
Decca	535	+ 65	Bougainville	200	+	12
Diploma	427	+ 27	Cons. Gold Fields	308	+	18
Dowty	188	+ 17	Doornfontein	652	+	52
GEC	365	+ 9	Gold Mns. Kalgoorlie	248	+	18
Glaxo	478	+ 8	Lydenburg	176	+	11
House of Fraser	132	+ 4	North Kalgurli	60	+	8
ICI	380	+ 5	RTZ	412	+	12
Metal Box	250	+ 12	South African Land	429	+	49
Meyer (Montague L.)	99	+ 4	U.C. Invs.	480	+	25
Sothebys	507	+ 12	Western Deep	£18¼	+	1¼
South African Brews.	143	+ 8	Western Holdings	£28¼	+	2¼
Stylo	173	+ 13	ZCI	50	+	6
Travis & Arnold	243	+ 10	FALLS			
Trusthouse Forte	162	+ 5	Adwest	185	−	9
			Mining Supplies	78	−	6

Strike call at BL over 'unfair' Robinson sacking

BY ALAN PIKE AND ARTHUR SMITH

The sacking of Mr. Derek Robinson, the BL Longbridge convenor, flared into a new crisis yesterday when the Amalgamated Union of Engineering Workers decided that he had been unfairly dismissed and called official strike action in his support.

Mr. Robinson lost his job last November for allegedly undermining the company's recovery plan. Since then BL has refused to take him back.

An AUEW inquiry into his dismissal—while critical of Mr. Robinson's performance as a convener—found yesterday that the company did not act within its own code of discipline when dismissing him and recommended the union to "pursue his reinstatement."

The union's executive responded by calling on all AUEW members at Mr. Robinson's Birmingham plant to prepare for strike action. The implementation of the decision was delayed until today at BL's request after the company said that it would give its formal response to the inquiry's findings by this afternoon.

Detailed arrangements for the strike will be left with the union's West Birminghsm district committee but, subject to BL's response, it is expected to star on Monday.

Union officials accept that, with the lapse of time since there were unofficial walkouts in Mr. Robinson's support in November, it may be difficult to generate enthusiasm for the stoppage. But they believe members will heed an official strike instruction.

The AUEW executive had a long meeting with Sir Michael Edwardes, chairman of BL, and other senior executives on Tuesday night before publishing the inquiry report yesterday. Mr. Terry Duffy, AUEW president, said that the union had received neither a "direct negative" nor an offer to reinstate Mr. Robinson at the meeting.

By drawing a distinction between the method of Mr. Robinson's dismissal while criticising some of his activities as convener, the report provoked speculation that Mr. Robinson could be offered reinstatement as an employee but not recognised as a union representative.

But even a settlement on these lines would involve a radical change of position by Sir Michael. As recently as last week be claimed that there had been an enormous increase in disputes while Mr. Robinson had been convener.

The Transport and General Workers' Union took official strike action when Mr. Robinson was dismissed in November but suspended it after the AUEW, instead of joining in as expected, set up the inquiry. Mr. Jack Adams, senior TGWU shop steward, said he was confident that his union would now again support Mr. Robinson.

However, the company will be hoping that the workforce at Longbridge—where the new Mini Metro is due to enter production later this year—will now regard the Robinson affair as part of the past and will rebel against strike action which could jeopardise the launch of the new car.

● A strike at a BL Cars components plant in Wales will halt all Rover saloon and TR7 car assembly by tonight. Nearly 3,000 workers will be made idle. Jaguar production is already severely affected by two separate strikes at the Coventry engine and assembly plants.

Union's finding, Page 9
Bus deal with Iraq, Page 4

Peugeot to lend $100m to Chrysler of U.S.

BY IAN HARGREAVES IN NEW YORK

PEUGEOT-CITROEN of France is to lend the struggling Chrysler car company of the U.S. $100m (£43m) in short term funds as the start of a programme of co-operation which could eventually lead to joint production of cars and light lorries in the U.S.

The deal comes as a major boost for Chrysler's morale, as it continues the laborious process of negotiating with banks and other interested parties for the $2bn loans it needs to obtain a further $1.5bn in Federal loan guarantees, authorised by Congress in December.

For Peugeot, the deal contains little risk. It will hold as security for the six month loan the 1.8m shares Chrysler has owned in Peugeot since the French company bought out Chrysler's European operations in 1978. The shares were valued at $324m at the time of the transaction.

Should the talks on manufacturing and sales co-operation not bear fruit in the next five months, or if Chrysler should fail to line up the necessary support from its creditors, the deal grants Peugeot an option to buy Chrysler's shares in Peugeot at a price to be independently assessed by the end of this year.

Initially, the two companies will discuss ways of using Chrysler's distribution network to host sales of imported Peugeot-Citreon cars in the U.S.

Although the French company increased its U.S. sales by more than 30 per cent last year, it still ranks 22nd in the league of importers to the U.S. It sold 11,688 vehicles last year.

At the same time, Chrysler has offered to help Peugeot adapting its designs for the U.S. market and the two companies will immedately embark on a series of technical discussions which could eventually lead to a manufacturing tie-up of the kind announced last year by Renault of France and the American Motors Group.

Thinking centres on a new passenger car now in the design stage at Peugeot and which would be jointly manufactured for sale separately under the Chrysler and Peugeot banners and through separate dealer networks. Agreement will also be sought on a joint study of light commercial vehicles.

Chrysler is also to examine the possibility of fitting Peugeot diesel engines in its vehicles and there will be an exchange of ideas about other possible options for the joint manufacturing of components.

Although these ambitious plans could come to nothing, the *immediate injection of $100m* of the $500m Chrysler needs in short-term funds is extremely helpful for the company. It hopes to get other funds soon from various city and state mortgages but has so far made little progress in seeking to unlock extra funds from more than 200 banks.

Mr. Lee Iacocca, chairman of Chrysler, said the signing of the memorandum of intent was "another step forward in Chrysler's recovery plan."

It will give Chrysler, the number three U.S. car company, a strengthened link with the biggest motor company outside the U.S.

Racal counter-bids for Decca

BY JOHN LLOYD

RACAL WILL announce details of its second bid for Decca today. It is expected in the market that it will top the counter-bid by the General Electric Company by around £10m, thus valuing the company at between £90m and £95m.

GEC's bid, announced on Monday, offered 500p for the voting shares and 400p for the "A" shares, valuing the company at £82.5m.

The original offer from Racal nearly three weeks ago valued Decca at £64.6m. That was an all-share offer. It is expected that today's bid will contain a cash element.

Racal yesterday raised about £2.76m in cash through the sale of almost half its 17 per cent stake in Adwest, the engineering group.

Mr. Nigel Graham Maw, who took over as chairman of Decca after the death of Sir Edward Lewis last week, said last night: "As it stands now, GEC's bid must be considered to be head and shoulders above that of Racal."

Mr. Maw, who will meet Sir Arnold Weinstock, managing director of GEC, this afternoon, said he had a wholly open mind on which of the two companies' bids should succeed.

A possible embarrassment for Mr. Maw and GEC is the emergence of an anti-GEC feeling on the part of many Decca workers and managers. It is felt that GEC will be more ruthless in pruning products and staff than Racal, in part because there is some overlap between its radar and electronic warfare systems and those of Decca, while Racal's range is largely complementary.

At the same time, it appears that pressure to refer the bids to the Monopolies Commission is growing in strength. The Department of Trade is thought to be in favour of a reference.

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TALKS ON NEW OFFER START TOMORROW

Steel peace soon—Sirs

BY CHRISTIAN TYLER, LABOUR EDITOR

THE NATIONAL steel strike, which began on January 2, might be over by the end of next week, Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said last night.

His prediction followed a new pay offer from the British Steel Corporation yesterday. From what Mr. Sirs divulged of the offer, the corporation appears to have moved substantially in several crucial respects.

The Confederation's 60 negotiators, and 10 from the National Union of Blastfurnacemen, are to resume talks tomorrow.

Mr. Sirs, gave a warning that it might be difficult to persuade the negotiators in the face of rank-and-file demands for 20 per cent that the was way open to a settlement.

However, he estimated that a deal might be concluded in a weeks' bargaining.

The corporation would not comment on the new offer last night. But it appears that at least 12, possibly 14 per cent, is available for a general increase in return for less stringent concession than before.

Additional rises would presumably be available in local productivity agreements.

Mr. Sirs said that part of the offer was new money, in the sense tha tit was no longer "recirculation of labour costs." That suggests that the corporatioo has conceded that the rise need not be paid for through job losses and new workin gpractices.

Concession

He "assumed" that the corporation had used money set aside for investment, working capital and redundancy pay.

The corporation's second concession is on productivity pay. It had offered 2 per cent nationally and up to 10 per cent locally, but moved to 8 per cent nationally and 4 per cent locally.

Now the 4 per cent would be put with the 8 per cent into basic pay rates regardless of local deals.

The third, according to Mr. Sirs, is that the corporation has dropped all mention of job losses from the proposals. It had sought co-operation on plant closures and the loss of 52,000 jobs by August, including 12,000 from plant otherwise unaffected by closure plans.

Redundancies will now be a matter for separate discussion. Because of the threat of social and political unrest, the TUC, other trade unions, and Government Ministers will be involved in the argument.

The ISTC, Mr. Sirs said, was ready to meet some of the conditions — eliminating absenteeism and overtime, for example—but he forecast that the Corporation's attempt to change all working practices such as demarcation lines would be "considerably watered down" by negotiation.

Report

Procedurally, the strike could be called off by Sunday if the Corporation came up with a big offer tomorrow. More probably, however, progress would take a week.

Referring to a "World in Action" television report that Sir Keith Joseph, Industry Secretary, had prevented the corporation from offering 13 per cent before Christmas, Mr. Sirs said he did not know the figure, but claimed that Sir Keith had "stamped on an offer."

Yesterday Sir Keith put out a statement denying this.

"References to the Government and me are wholly untrue," it said. "At no time have I stepped in directly or indirectly to stop, amend, or otherwise interfere with any pay offer by the corporation."

A move by South Yorkshire ISTC strikers to withdraw safety cover from steel plants was supported by men on Teesside yesterday, where the corporation has just commissioned the biggest blastfurnace in Europe. The local strike committee will ask the Confederation's national executive to approve.

But yesterday's developments, and the union's instruction that such action must not be taken, means the threat has receded further.

Strike call defied at Sheerness, Page 9

PRIOR WINNING SUPPORT

Mr. James Prior, Employment Secretary, appears to be winning Cabinet support for a cautious approach to reforms of trade union laws. Ministers have agreed that much more work needs to be done before legislation is drafted. Back Page

Dollar bonds in steep decline

By Stewart Fleming and Nicholas Colchester

PRICES OF dollar bonds in both the U.S. and Eurobond markets yesterday continued the steepest decline most traders can remember.

In the Eurodollar bond market falls of three points and more were recorded. The volume of trading was heavy and there were reports that several houses were reducing the number of bonds in which they were willing to trade.

In New York, prices have been falling faster than during the confusion which followed the announcement of a tougher anti-inflationary stance by the Fed last autumn. In the weeks that followed the "Volcker package," prices fell by eight to 10 points.

But yesterday morning in New York, the U.S. Treasury 10¾ per cent 2009s were quoted at 88 10-32nds—or some 14 points below their level at the start of the year.

The fall is due to the capital markets' doubts that the Fed is being firm enough in its anti-inflationary policies and lack of faith in a recession stemming U.S. inflation. The oil price increases, the projections of a budget deficit much bigger than expected, and some quite strong economic statistics for January—car sales, for instance—all suggest that U.S. inflation will continue, and that long-term interest rates must move higher.

On top of these fears has come the $7.25bn quarterly U.S. treasury financing. Tuesday's issue of 3½ year notes was sold to yield a record 11.98 per cent. Only two weeks ago, these Treasury yields moved above 11 per cent for the first time. A *further Treasury financing with long term paper will occur today.*

In the Eurodollar bond market the downward movement in prices, follows the longest sustained bear market in dollar bonds international traders have experienced. It is now testing the resolve of smaller banks to stay in the business.

Kuhn Loeb Lehman Brothers International said yesterday that it was reducing the number of bonds in which it was willing to make a market.

A call for help from the Fed
Page 26

£ in New York	Feb. 5	Previous
Spot	$2.2875-2895	$2.2920-2975
1 mth	0.61-0.57 dis	0.72-0.68 dis
3 mths	1.80-1.75 dis	1.73-1.63 dis
12 mths	4.35-4.10 dis	3.90-3.75 dis

Turkey will seek entry to EEC before year's end

BY JOHN WYLES IN BRUSSELS

THE TURKISH Foreign Minister, Mr. Heyrettin Erkman, pulled a surprise rabbit out of his diplomatic hat here yesterday, by announcing that his country hopes to apply for EEC membership before the end of the year.

It is unlikely that a single member of the Nine believes that Turkey's membership is feasible inside 10 years, such is the severity of its economic problems. But with events in Afghanistan casting a long shadow and with Turkey making a good case for relaunching its association agreement, the EEC has agreed to step up efforts to achieve a common customs union and eventual Turkish accession.

Mr. Erkman acknowledged yesterday that he had not directly informed the EEC ministers at the EEC-Turkey association council on Tuesday that they should expect an application for membership this year. "I said it clearly between the lines," he said.

If he did, most Foreign Ministers must have been looking the other way. Lord Carrington, the UK's Foreign Secretary, said after that meeting that he thought Turkey would not dream of applying until it had put its economic house in order.

"Is there a country in this world which has solved all of its economic problems?" responded Mr. Erkman yesterday. He thought the new austerity measures recently introduced by his government would need a transmission period to full EEC membership of at least three or four years.

Mr. Erkman's statement of intent was taken very seriously in Brussels yesterday, although it was being variously interpreted. One view held that it was largely tactical and designed to focus EEC attention on producing a generous package of financial aid, greater access for its agricultural exports, and concessions for Turkish migrant labour within the Community.

But another opinion was that Turkey is serious about joining by the mid-1980s because it is disillusioned with an association agreement which, after 17 years, has failed to provide hoped-for benefits.

At the same time, Greece's accession next January is seen in Ankara as a potential roadblock to further development of its relationship with the EEC, despite repeated assurances from the Community to the contrary.

If Turkey does apply this year, the Community is unlikely to proceed in top gear. It is already negotiating with Spain and Portugal, both of which are aiming for membership by 1983, and this prospective enlargement already worries some members of the Nine.

Economic programme marks sharp change of direction

BY METIN MUNIR IN ANKARA AND DAVID TONGE IN LONDON

THE SWEEPING economic package announced 10 days ago by the Turkish Government constitutes the first step down the stony road of bringing Turkey's economy in line with the economies of Western Europe.

Ever since the Turkish Republic rose from the ashes of the Ottoman Empire in 1923, Turkey has followed its own economic course. Private enterprise was never banned but it was always the state which took the lead. Further, memories of the economic capitulations imposed on the Ottomans by the West meant that foreign capital and foreign investment were viewed with general suspicion.

But the package announced by Mr. Suleyman Demirel, the Turkish Prime Minister, reverses much of this, as well as representing a major attempt to tackle the country's immediate problems.

The package combines a serious austerity package of the sort demanded by the International Monetary Fund with longer-term measures for which the Organisation for Economic Co-operation and Development has been pressing.

A 33 per cent devaluation of the Turkish lira against the dollar has been accompanied by large increases in the price of petrol, fertilisers, coal and numerous other basic products manufactured or controlled by the state. The aim is to slash the budget deficit. Monetary and credit policy are also being tightened.

At the same time, the country has been opened to foreign banks and to foreign investment in virtually every sector, including mining which previously has been particularly difficult. A far more liberal policy has been declared towards foreign oil companies and the red-tape which in the past deterred, not to say repulsed, many would-be investors has been eased.

These represent major changes for a country which has long developed in defiance of the economic recipes of the West. Massive tariff barriers, the discouragement of the foreigner and import substitution have ruled the roost.

The state economic enterprises have become a particular burden, with Mr. Demirel recently complaining: "The state needs TL 351bn (£2.2bn) subsidy for its companies and services this year. Everything the state produces is on the black market. Not one state enterprise can stand on its feet. The state sells cement at TL 25 when the sack alone costs TL 35. Who needs such a state?"

Mr. Demirel's programme represents a major change for a country which has long developed in defiance of the economic recipes of the West

As for the role of foreign investment, this is made clear by the way that only 98 companies have investments in Turkey with a total value of only $137m at the end of 1977, according to one recent survey.

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While success for the package could go far in helping Turkey align itself to the policies of the EEC, the problems are huge. Consumer prices rose 80 per cent last year; unemployment exceeds 20 per cent of the labour force Turkey is starved of fuel, electricity and petrol; a famine of foreign exchange means that many factories cannot obtain the semi-manufactures needed for them to operate at more than half normal capacity.

Add to this political violence costing over 200 lives a month and that Mr. Demirel's administration is a minority one, and the magnitude of the task facing the Government is clear.

Inhabitants of the Princes' Islands off Istanbul—where Trotsky once lived—have refused to pay the increase in boat fares and the mood is sullen. The opposition leader, Mr. Bulent Ecevit, has accused Mr. Demirel of "trying to impose an outmoded South American model" on Turkey and warned that it could lead to a dictatorship. Similar criticism has come from the Left, and the union movement DISK is stirring.

But, at this point, Mr. Demirel has little to fear from Mr. Ecevit's Republican People's Party. This is still dazed from the size of its electoral reverse last October, is dispirited and driven by faction.

Of the two small right-wing parties which voted Mr. Demirel to power, he can count almost completely on the ultra-conservative Nationalist Action party, a militant right-wing group whose supporters are often connected with violence.

Less predictable is the National Salvation party of the erratic Mr. Necmettin Erbakan. This is now accusing the Government of being "bankrupt" and "defunct." It totally opposes Turkey strengthening its links with the EEC. But there is a strong tendency in the party which might split if Mr. Erbakan were to join hands with Mr. Ecevit.

If the parliamentary situation seems controllable at present, Mr. Demirel must still obtain quick results from his measures if the crisis is not to bring him down, as it brought down his predecessor. This in turn depends largely on Turkey being able to balance its foreign books.

The largest debt rescheduling in financial history may be largely over but it is only after the economic package that Mr. Demirel is able to hope that the IMF will agree to a second drawing on its $325m standby agreement with Turkey and that the banks will agree to further funds flowing to the country.

If aid does not come quickly one Turkish official says, "both the programme and Mr. Demirel will fall flat on their faces and God knows what will trample on them."

W. German jobless leaps to over 1m

By Roger Boyes in Bonn

THE NUMBER of unemployed in West Germany has leapt up over 1m in one of the sharpest increases for four years.

The Federal Employment Office stresses, however, that the 19.6 per cent rise over December was largely the result of the weather. December was particularly mild, thus protecting seasonaly affected jobs such as those in the construction industry, whereas January was a more typical winter month.

The January figure of 1,036,519 is still significantly below that of January, 1979. Unemployment has been relatively low over the past year—at 876,000 almost 12 per cent under 1978—thanks to the recovery in several sectors of the economy.

This latest figure, however, is powerful election fodder for the opposition parties and several politicans yesterday attacked the Government for being over-optimistic in its assessment that unemployment will stay generally stable in 1980.

The Government, the Bundesbank and employers have all argued that moderate 5-6 per cent wage settlements are the only way of securing jobs and the necessary growth rate. The major unions, however, have been demanding 10 per cent rises to compensate for oil price increases and higher inflation.

An analysis just issued by the Institute for Employment Research calculates that if growth this year is confined to 1.5 per cent, average unemployment could well top 1.1m. This would clearly make unemployment a key election issue.

Employment will only stay at its present level, the institute says, if Germany achieves 3.5 per cent growth this year—a somewhat unlikely prospect.

Iceland coalition formed

By Jon Magnusson in Reykjavik

A 70-year-old Icelandic politician, Mr. Gunnar Thoroddsen, has broken with his own party to form a majority coalition government.

It is expected to be sworn in during the next few days, thus bringing to an end a government crisis which has persisted since the fall last autumn of an unpopular left-of-centre coalition.

Mr. Thoroddsen is vice-chairman of the right-of-centre Independence party, Iceland's largest. But he is expected to carry only two or three Independence MPs with him into the government he is forming with the centrist Progressive party and the Communist-influenced People's Alliance.

He has joined forces with the People's Alliance, which is anti-NATO, and the Progressives, who support Iceland's membership of NATO, on the sole condition that he will become Prime Minister. The new Government will hold 31 or 32 seats in the 60-seat Parliament.

Mr. Thoroddsen's move will split very seriously the pro-NATO Independence party and leaves its leader, Mr. Geir Hallgrimsson, badly wounded politically. His future role in Icelandic politics must now be in question.

The remaining Independence party MPs have pledged not to support the Government and Mr. Hallgrimsson has said publicly that Mr. Thoroddsen will be a hostage in the camp of the People's Alliance, for as long as he remains Prime Minister.

There will be nine Ministers in the Cabinet, three of them from the People's Aliance and all of them hostile towards the U.S. NATO base at Keflavik. Mr. Steingrimur Hermannsson, the Progressive leader, while supporting Iceland's membership of the alliance wants U.S. forces out of the country.

Gibraltar goes to the polls

By Our Own Correspondent

GIBRALTAR went to the polls yesterday with the Labour party of Sir Joshua Hassan, the outgoing Chief Minister, poised to regain power. The party needs all its eight candidates to be elected for a majority in the 15-seat Assembly.

The only other party to present a full list of eight is the Democratic party led by Mr. Peter Isola, but they are not expected to be a real challenge to Sir Joshua.

Challenging Mr. Isola to lead the opposition is trade unionist Joseph Bossano with six candidates.

Although the campaign began on domestic issues, the question of relations with Spain later came in strongly with all three main parties taking a pro-British line.

Pandolfi bid to sell new asset plan

BY PAUL BETTS IN ROME

THE ITALIAN Treasury Minister, Sig. Filippo Maria Pandolfi, at the end of this month begins a series of globe-trotting missions largely in developing and oil-producing countries to negotiate proposals for the creation of an International Monetary Fund substitution account to stabilise international money markets.

The first stage of Sig. Pandolfi's diplomatic initiative takes him to Latin America, where he will visit Mexico, Venezuela, Brazil and Argentina after stop-overs in Spain and Washington. Subsequently, he proposes to visit major Middle East oil producing countries like Saudi Arabia, Kuwait and the Gulf emirates to test their initial reactions to IMF proposals for absorbing excess dollars in the world.

The scheme, according to Sig. Pandolfi, envisages setting up a substitution account initially involving some $20bn which would enable the 135 IMF member countries to exchange dollars for a new reserve asset or claim denominated in special drawing rights (SDRs).

The Minister, who is also chairman of the IMF's Interim Committee, says there is now general consensus among the main Western industrialised countries to use possibly 103m ounces of IMF gold reserves to support the substitution account. This could serve as a guarantee to countries exchanging dollars for the new asset ing dollars for the new assets against eventual foreign exchange risks.

To make the new asset more attractive to central bank investors, Sig. Pandolfi says they would probably carry a higher interest rate than existing SDR rates. This rate, he suggests, could be based on an average of interest rates from a representative number of countries. It is envisaged also that the IMF could invest the dollars it would acquire in U.S. Treasury bonds.

He proposes further that the new assets might be available eventually not only to central banks and official institutions but also on a secondary market.

The Minister, who also plans to chair an informal meeting of EEC Finance Ministers at Taormina, in Sicily, early next month, is expected to report on the outcome of his diplomatic missions at the IMF Interim Committee's meeting in Hamburg on April 25.

He stressed that at this stage these visits are purely "political" and that technical negotiations can start only after the Hamburg meeting.

Sig. Pandolfi: off round the globe.

Sig. Pandolfi thinks he might face resistance in developing countries to the plan to use IMF gold reserves to guarantee the new reserve assets. Under the terms of the so-called Jamaica Agreement, IMF gold was largely intended to support developing countries. The new proposals would thus mark a departure from this agreement.

From a purely internal Italian point of view, Sig. Pandolfi's proposed visit to Saudi Arabia could help heal relations between Rome and Riyadh following the latter's decision to suspend direct oil supplies to ENI, the Italian state hydro-carbons group. The Saudi move came in the wake of a scandal concerning unsubstantiated allegations about the payment of an irregular commission in the 12.5m tonnes direct oil supply deal.

Following the ENI affair, Sig. Giorgio Mazzanti, the ENI chairman, was temporarily suspended from office by the Italian Government. But an official inquiry into the affair has now been completed and is understood to have revealed no serious irregularities in the 7 per cent commission, worth about $100m. Should this be the case, Sig. Mazzanti will theoretically have to be reinstated, which could be the source of some considerable embarrassment to the Government and some political factions.

Italy's restaurants find VAT indigestible

BY RUPERT CORNWELL IN ROME

RESTAURANTS up and down Italy, from Michelin-starred temples of gastronomy to the everyday trattoria, are threatening to shut down for two days this month and next in protest against new regulations obliging them to provide a value added tax return for every meal served.

Sig. Franco Reviglio, the Finance Minister, is stubbornly braving the combined wrath of the hotel and restaurant industry — now the top target of yet another campaign to clamp down on Italy's chronic tax evasion.

The measure is aimed at bringing VAT declarations by restaurateurs somewhere remotely into line with reality. Despite howls of anguish, and theatrical warnings that overheads will have to rise — and with them prices in a vital tourist sector — Sig. Reviglio is sticking to his guns.

To support his case, he released this week figures showing that for 1977 — the latest year on record — the catering and hotel trades are among the worst offenders in total VAT evasion which reached that year almost 50 per cent.

In other words, the L9,000bn (£4.95bn) actually paid in VAT in 1977 was roughly equalled by the tax that should have been but was not. The discrepancy emerges from a comparison of the full national accounts and business actually declared in tax returns by industry, commerce and the professions.

While evasion by industry only reached 30 per cent, that of the professions (including notorious categories like doctors and lawyers, many of whom according to their returns are struggling well below the poverty line) was almost double. But for restaurants and hotels the figure tops 68 per cent.

The bulk of Italy's hotels declared an average total income (from which supplies and personnel overheads have to be deducted) of L8.3m (£4,600) apiece. For restaurants and bars, the figure was an equally implausible L12.4m (£6,800).

Some progress has been made in reducing tax evasion in recent years in Italy, and last year is expected to produce an extra L500bn (£270m) of revenues thanks to stricter procedures.

But it is a tiny sum when set against the projected L40,000bn enlarged public sector deficit for 1980, in any case likely to be exceeded.

Sig. Reviglio is courting yet further unpopularity in his crusade by announcing his intention of making public within a few days a list of 40,000 suspected tax evaders —with another 60,000 names to follow shortly afterwards. But despite strong support from the organised trade unions, the offensive seems likely to make little lasting dent on a practice firmly entrenched in the Italian system.

France still opposing economic sanctions against Soviet Union

BY ROBERT MAUTHNER IN PARIS

THE FRENCH President, M. Giscard d'Estaing, has made it clear that, in spite of the tough stand taken by France and West Germany over Soviet intervention in Afghanistan, France still opposed economic sanctions against the USSR.

France's objective was to reduce international tensions, the President said in a restricted briefing to French journalists following the Franco-German summit meeting which ended on Tuesday. But experience had shown that the adoption of sanctions could harden the position of the country at which such measures were aimed.

M. Giscard d'Estaing, whose comments on the joint declaration were clearly aimed at correcting the impression of some observers that France had now virtually aligned itself with the U.S., also stressed that France would continue its "dialogue" with the Soviet Union. "We believe that it is important to maintain this dialogue in order to define the means and conditions for a withdrawal of Soviet troops

It was essential that the Soviet Union should know in advance how the main European and world powers would react to any future moves it might want to take. In its diplomatic contacts with the Soviet Union, the French Government had made it clear what its reaction would be if Moscow overstepped certain limits. On the other hand, if these limits were respected, it was legitimate for France and other European countries to seek ways and means of putting an end to the Soviet intervention in Afghanistan.

President Giscard: dialogue with Moscow continues.

If one of the conditions for a withdrawal of Soviet troops was that a solution must be found for ensuring the security and stability of the region surrounding Afghanistan, including the adoption of international guarantees, then, the Western countries should agree to discuss this problem with Moscow.

The French President once again underlined the special role which the European countries should assume in preserving peace and achieving East-West detente. Until now, only the voices of the two superpowers had been heard. It was important that the European nations who, because of their growing economic and political strength, had special responsibilities should make their weight felt.

While the President insisted that, in the event of a global conflict, France would fully respect its treaty obligations as a member of the Atlantic alliance, he stressed that France would strive to prevent the renaissance of polarised blocs.

This could lead only to increased international tension and would deprive France of the capacity to conduct an independent foreign policy and thus to influence events. For that reason, France would not align itself with the positions of either of the two superpowers.

Kremlin support for Kampuchea

By David Satter in Moscow

THE SOVIET UNION yesterday promised to grant Kampuchea and the Vietnamese-backed government of Mr. Heng Samrin "broad support" in its struggle for "independence and sovereignty." The two sides signed a set of agreements which will guarantee food supplies, economic and technical aid.

No details were given of the agreements but they came after the conclusion of two days of talks between Mr. Heng Samrin and his delegation and top Kremlin leaders including Mr. Leonid Brezhnev, the Soviet president, Mr. Andrei Gromyko, the foreign minister, and Mr. Dmitri Ustinov, the Defence Minister.

Some diplomats expected that Kampuchea would sign a friendship treaty with the Soviet Union but this may have been prevented either by Vietnamese opposition to such a tangible gesture toward Kampuchean independence or by the view that the Heng Samrin government was still too internationally isolated for the gesture to have much effect.

The Soviet news agency TASS said that the two sides showed a "full identity of views" and the talks passed in an atmosphere of "brotherly friendship."

Moscow says Bonn and Paris yielded to U.S.

BY OUR MOSCOW CORRESPONDENT

THE SOVIET Government newspaper Izvestia last night accused France and West Germany of having "corrected" their assessments of the events in Afghanistan to avoid irritating the U.S. and warned that yielding to "unprincipled" U.S. pressure would jeopardise detente in Europe.

In a report from its Paris correspondent, Izvestia said it was not surprising that the declaration was "immediately welcomed by the U.S." or by America's "most reliable lobbyist in Europe—the British Tories."

Izvestia said that while the U.S. speaks "hypocritically of the Soviet menace," it "aggravates the international situation and exploits this for asserting its leadership in the system of Atlantic alliances."

Reflecting the Soviet desire to preserve the formalities with the French and West Germans even while criticising them, Izvestia said the Franco-German summit gave "much food for thought" and could be subject to "differing interpretations."

The newspaper said that the French understanding of the declaration contained "several nuances" such as a commitment to the policy of detente, a desire to avoid an increase in international tension and an insistence on an independent foreign policy which "commentators could not fail to note."

—Izvestia warned, however, that the White House "would like to upset the existing relations between western Europe and the Soviet Union, relations in which many good things have been accomplished over the last decade."

The United States is doing everything possible "to prod the western European countries into intensifying their militarstic preparations, increasing their arms budgets and stepping up the arms race," Izvestia said.

"Those who give in to this unceremonious and unprincipled pressure from U.S. aggressive circles not only assist this process but place in jeopardy detente, the peaceful gain of all the peoples of Europe.

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Bridget Bloom, in Salisbury, assesses the standing of the parties as the election campaign progresses

The bitter struggle for power in Rhodesia

LAST WEEK a Salisbury businessman applied for a new telephone tine and it was installed wilhin five days. But after three weeks and repealed requests, the election offices of the two political parties which could well form the next government bad one line between them.

The telephone prohlem is just one of the difficulties confronting the parties led by Mr. Roberl Mugabe (which still has no line) and Mr. Joshua Nkomo as they try to organise their campaigns for the elections at the end of this mnntb.

In an atmosphere of increasing tension provoked by violent incidents, nine black parties are conlesting the February 27-29 poll—white voters elect members for the 20 white seats in a separate exercise nn February 14. With three weeks to go there is litlle doubt that the best nrganised of the black parties is Bishop Abel Muzorewa's United African National Council.

Their green, yellow, red and black poster, tee shirts, caps and even balloons are to be seen almost everywhere. From his pink-walled multi-telephoned suile in the luxury Monomatapa Hotel—one of three sets of offices being used specifically for the elections — Bishop Muzorewa's election director speaks proudly of the party's fleet of 500 cars, its huses, trucks, Land-Rovers, motor-cycles, bikes and "combis." The Bishop has two helicopters and a jet at his disposal, and also appears to have an executive jet and two other light aircraft.

By contrast, though their travels seem well enough organised, Mr. Nkomo and Mr. Mugabe claim they have been having enormous trouble securing typewriters, duplicating machines and cars, maoy of which have been beld up at customs. Mr. Mugabe's party bought some second-hand cars and could not get them insured, and had election material confiscated. Both parties say thal local printers cannot take all their teeshirt or posler orders, though they bave plenty of both.

The two parties, known as the Patriotic Front (PF) and ZANU (PF), were banned until only a few weeks ago. Their town-centre offices are chaotic. At the latter's, long queues build up and jam the narrow staircase as young men and women body-search all visitors. Crowds, apparently quite idle, mill about, seemingly impeding the few officials with real responsibility.

Somehow the manifestos have been prinled, the press conferences and some campaign meetings bave been held. But Bishop Muzorewa has the organisational advaotage of having been in government, having fought an election only 10 months ago and, most important of all, of having a bureaucracy behind him.

All the parties are cagey about their sources of finance, and since the British Electiou Commissioner has ruled that there are only to be limits on and disclosures about spending for media advertisements, they will no doubt continue to be. The Bishop's election manager says "nn commeot" to any questions about finance, including suggestions that a great deal of money has come from South African Government and private Rhodesian. South African and foreign business.

There is certainly multinational company hacking for Mr. Nkomo, though neither his nor Mr. Mugabe's officials will confirm reports circulating here that each was given nearly R$1m (£660,000) from Swedish Government sources recently. There is nu hard evidence one way or the other that these parties' funds have been swelled from Communist sources, though Mr. Edison Zvogbo, Mr Mugabe's election director, suggests that the party is using money which would otherwise have been used for "operations." He cites a figure for total election spending of some R$500,000. That seems nn the low side, even given that the party may have fewer sources of ready funds.

While Bishop Muzorewa has heen rnnoiog a very negalive campaign, lambasting his opponents and projecting no posilive image of himself or his party, Mr. Nkomo and Mr. Mugabe have given huge "star" rallies each weekeod, hoping to cover each of the eighl constituencies before polling begins.

It is in the rural areas, where the bulk of the estimated 2.8m volera live, that the campaigns are at their toughest and dirtiest. Il is here, and particularly in areas where Mr. Mugabe and the Bishop are deadly rivals, that intimidalion and violence are assumiog alarming proportinns.

Though ulne parlies are contesting the poll under the party list system, the election is effectively a struggle for power between the three major parties. The United People's Association of Matareleland, the National Democratic Union and (depending perhaps on whether the former Mugabe dissidents join it) the National Front of Zimbabwe are thought unlikely to win any seals, while the Rev. Ndabaningi Sithole's ZANU, Mr. James Chikerema's Zimbabwe Democratic Party and just possibly Chief Ndiweoi's United National Federal Parly will share a few seats between them.

In the absence of opinion polls (and even a voters' roll) predictions of what will happen are clearly difficult. But the tribal and political hislory of the country make it likely that Mr. Joshua Nkomo's party will get the vast majority of the 16 seats for Matabeleland (which comprises some 20 per cenl of the population), picking up a few in the other 80 per cent of the country which is Shona.

The real fight is likely to he for the Shona vote, and here the battle will be between the Shooa-based parties of Robert Mugabe and the Bishop. It will be a complex fight. The Shona are themselves divided into at least six major tribal subgrnups, bui both sides are armed and both are quite clearly prepared to use strong-arm tactics to bring out the vote.

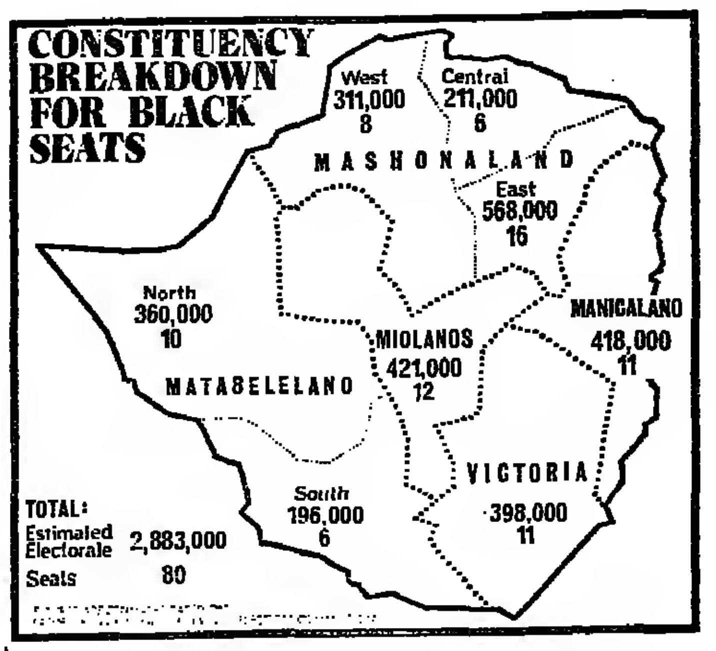
In the present climate, with violent incidents like the two bus attacks and yesterday's attacks on ZANU (PF) houses in Salisbury, each side blames the other for the intimidation. Scratch deeper and on Mr. Mugabe's side you will find intense bitterness at lhe petty discrimination represented by the lack of telephones as well as deep suspicion, at a more profound level, of British motives in allowing the widespread deployment of Rhodesian troops.

Mr. Mugabe, at Lord Soames' request, broadcast to his guerrillas to abide by the cease-fire terms and respect the electlons. But conversations with his officials suggest that neither he nor his colleagues are voluntarily going to allow areas "won" by their guerrillas during the war to be taken over, militarily or politically, by their opponents. They see the deployment of Rhodesian troops aod particularly of the security force auxiliaries created under Bishnp Muzorewa, as an attempt by the Bishop to do just that.

Government House here continues to take the Rhodesian line, arguing that the auxiliaries are non-political and under the full control of the Governor. Few foreign jouroalists who have traveiled in the rural areas agree.

The *Governor's* dilemma is that he cannot afford to take too strong action—such as banniog —against Mr. Mugabe's party because of the intensifying violence. To do so would bring an outcry from African and Commonwealth slates which could *well jeopardise* the *whole* settlemenl exercise. On the other hand, he is being pressured by Rhodesians and the Bishop to allow the Rhodesian forces to get much tougher.

The hope in Salisbury is that all parties are so locked into the election process that they will cootrol their followera sufficiently for the election to be held. But a cartoon doing the rounds sums up the uncertainty and the dangers thereafter. It depicts the Governor, on the steps of an RAF VC-10 at Salisbury airport. The aircraft's engines are revving for take-off as the Governor declares: "And the winner is. . . ."



Use of force not ruled out by Carrington

BY DAVID TONGE

THE USE of British military force to support the U.S. in the Gnlf was not ruled out when Lord Carrington, the British Foreign Secretary, answered questions on Afghanistan yesterday.

Asked by the Commons Select Committee on Foreign Affairs whether Britain would act with the Americans, he said he thought the threat to western interests was not from military action hy the Soviet Union but from subversion.

"If there were a military invasion of one or other country in circumstances which were clearly unprovoked aggression and the U.S. decided — I hope in conjuction with its allies—what it would do, I hope we would be amongst those who would do it."

He stressed the importance of the Gulf of Hormuz to the West saying that two-thirds of the West's oil passed through it and that any effort tn hlock the strait would be coosidered "an act of aggressiou which could not be ignored."

Lord Carrington said that the West German idea of a regular dialogue between the Eurnpean Community and the Gulf slates was valuable. He did not think that Britain in its present position could do mueb alone about the Gulf and that auy effort must he a joint western effort.

While adamant thal pressure must be kept up on the Soviet Union so that it withdrew from Afghanislan, Lord Carrington still favoured pressing for "arms limitation and detente which is motually beneficial."

From Afghanistan, it was reported yesterday that an indefinite strike in protest against the presence of Soviet forces in Afghanistan has closed markets in Kandahar. A similar, 10-day protest in Herat, ended on Thursday.

Indo-Pakistan accord

INDIA and Pakistan bave assured each other of their peaceful intentions despite differences over the Soviet Union's military intervention in Afghanistan, representatives of both Governments said in Islamabad yesterday.

The statement was made after two days of talks between Mr. R. D. Sathe, the Indian Fnreign Secretary, and Mr. Shah Nawaz, Pakistan's Foreign Ministry chief.

The discussions, which were part of routine consultations between the two Governments, had taken on a new significance following the Soviet move.

Mr. Salhe said at a Press conference that there were certain differences of opinion, but he hoped that the Sovlel intervention would not cause a strain in Indo-Pakistani relations.

He said: "The resull of our talks is that both countries wish tn be friendly with each other. This is an important nnderstanding. We are aware of Pakistan's feeling and we have taken note of it," be said.

Reuter

Iranian industrial shortages

TEHRAN — Iranian industrial managers have reported that all sectors are facing raw material shnrtages and maoy sectors we in financial difficulties, according to a report by lhe Central Bank quoled by the Tehran newspaper Bamdad.

Productioo of machinery aod equipment In Iran is running 40 per ceot below the first quarter of lasl year, the report said. The newspaper alsn said the report cnvered output of cars, tractors, electrical appliances, non-electrical household goods tyres.

Another Tehran newspaper reported thal members of the international commission to investigate the alleged crimes of the deposed Shah of Iran will be chosen under the supervision of Dr. Kurt Waldbelm, the United Nations Secretary General, from among prominent international lawyers and other persooalities, Iran accepted Dr. Waldbeim's proposal for the eslahlishment of the commission earlier In the week.

Meanwhile Panama Is said to have told Iran that the Shah is on bail there after being arresled on behalf of the Iranian authorities. He is nol free to leave the country, according to lawyers close to the Tehran government.

The lawyers said the Shah was served with a warrant on January 22, but Immediately freed nn bail on cnndition that be did not leave Panama: Iran was then given 60 days to present a fnrmal case for extradition.

Agencles

Israel's nagging doubt about Syria's intentions

BY REGINALD DALE, RECENTLY IN SOUTHERN LEBANON

IN THE REMOTE mountains of aouthern Lehanon, Major Sa'ad Haddad is braced for an attack by the Syrian army—an attack he is confident be can withstand.

His self-proclaimed area of "Free Lebanon" has held out for five years against Palestinian, Lebanese, Moslem and Syrian forces, and Major Haddad, as a Christian, believes he has divine protection.

To Israel, Major Haddad's precarious Free Lebanon is nf vital strategic importance. Fifty miles long and between three and ten miles wide, it conatitutes a buffer zone between the official northern Israeli frontier and the turbulent main area of the country whare Syria keeps some 24,000 troops, theoretically as a peacekeeping force.

United Nations forces setn to separate the combatants in the south can hardly be said to be particularly effective. But there is a strong element of comic operat about Major Haddad's 600-strong army. No-one really believes that the short, balding 42-year-old Majnr with his sandy moustache is going much further than where be is now: The Iseralis give him just enongh World War II-type eqnipment to maintain his hold on the villages south of the Litani River (Israel's unofficial security line) and the rest of his outside support comes from the Voice of Hope radio station, financed, it is claimed, by individual Americans and Canadians.

The station, which is soon to add televiaion, broadcasts 14 hours of country and western music a day, plus four hours in Arabic interspersed with bilical messages, over an area reaching ~~to~~ Beirut, Damascua and Amman. Regular artillery exchanges between Haddad'a army and the PLO in the ruined Beaufort Castle north of the river are largely for dramatic effect.

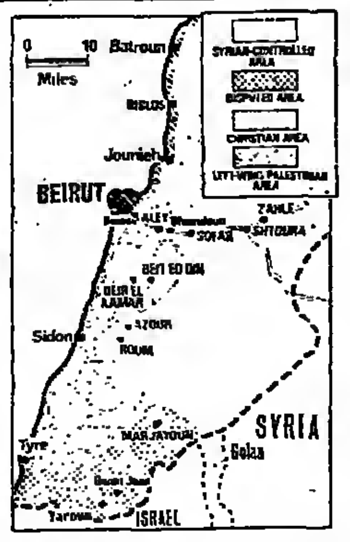
There is no dnubt that an assault by the Syrian army would he met by a massive response from Israel, which regards "Free Lebannn" as essential to ita northern defences. The question that everynne is asking is whether that attack will come.

Twn weeks agn, accnrding to Israeli informants, Syria moved reinforcements into Lebanon and redeployed its forces into operational fnrmations. Previously the Syrian troops were playing a scattered policing role in their capacity as the Arab Deterrent Force separating the cnuntry's warring Christian and Mnslem militias.

Israeli military analysts, confess that their intelligence bas not given them enough to be sure ahout Syrian intentions. The redeplnyment cnuld be fnr so-called "technical" reasons. *There may be a* need to crack down on lax discipline by concentrating the troops and giving them a chance for proper military training. The new formations may also be for defensive purpnses to guard the roads to Damascus against an Israeli attack

But there remains a nagging doubt in Israeli minds that the Syrian redeployment could be the prelude to an offensive. This would necessarily involve a frontal assault on Haddad's *forces*, or on *the* Israeli-held Golan Heights to the east.

The troop realignment coincided with the visit to Damascus of Mr. Andrei Gromyko, the Soviet Foreign Minister, reinforcing suspicions that the Russians would like to distract attention from Afghanistan by Syrian military activily. The Government of Syria's President Hafez al Assad faces mounting inlernal problema and feels lsolated in the Arab world. It may want, Israelis feel, to reassert *its claim to* be the foremost opponent of Israel.



Most important, perhaps, the Israelis fear that Syria may see this moment as its last chance tn stop the Camp David Israeli-Egyptian peace agreement from turning inln an irreversible process.

What they would need to do *first*, however, is to force the Israelis into an aggressor rnle by needling them with provocative actions, such as, for example, the latest troop movements. Then they would hope that pressure from the Arab world and inside Egypt would oblige President Anwan Sadat to break off cnntacts with Jerusalem.

The Syrians would also, of course want to be sure that the Israelis would not change the rules of the game dramatically and roll their tanks down to Damascus. Despite Syria's material strength in sophisticated modern weapons, there is little doubt that the Israelis would win an all-out war.

On the Israeli side, the con*sensus is probably that a major* new war is not about to break out nexl week. Jerusalam has constantly stated that it will not jeopardise peace with Egypt by sriking first. But until the Israelie's are clearer about Syria's real intentions they are going to remain nervous and apprehensive.

Ihsan Hijazi adds from Beirut: The Lebanese Gnvernment decided yesterday to deploy the regular army in positions in Beirut and other Lebanese *areas from which* about 5,000 Syrian troops are to be withdrawn later this week.

Reshuffle likely in China soon

BY TONY WALKER IN PEKING

A RESHUFFLE in China's top policy-making body is expected soon. A number of younger officiala are likely tn be promoled to senior posts in the Politburo, further strengthening the position of Mr. Deng Xiaoping, the country's senior Vice-Premier.

A meeting nf the standing committee of the National People's Congress (China's Parliament) which is in progress in Peking is thought to he the prelude to ao important session of the Comounist Party's central committee. The central committee is expected to endorse changes in the personnel and structure nf China's ruling bodies.

These changes are likely to include the creation of new Premier and Vice-Premier positions

The standing committee meeting is considering an important speecb given by Mr. Deng to leading cadres recently. Western diplomats believe a commentary in the Communist Party newspaper, People's Daily, this week reflected the substance of the speech.

The commentary, entitled "decade of great tasks," claimed that a chantic situatinn in the economy bad heen changed through the policy of readjustment. It called for resolute measures against penple wbn disrupted the party line.

Some analysts have interpreted this as confirmation that a new purge is on the way of those in senior positions who were sympathetic to the aims of the Cultural Revolution.

S. Korea urges Geneva talks on reunification

BY RON RICHARDSON IN SEOUL

SOUTH KOREA yesterday prnpnsed that the Prime Ministers of South Knrea and North Korea sbould meet in Geneva for talks aimed at eventual reunification nf the cnuntry.

The proposal was made during a meeting at the border village of Panmunjom, at which three delegates from South Knrea talked with North Korean counterparts.

The North Koreans, who initiated the talks, offered a prepared text saying that public meetings between Heads of the twn Governments shnuld be held alternately in Seoul and Pyongyang.

No discussion of South Korea's proposals took place at the meeting and the delegales agreed to meet again at Panmunjom on February 19.

Seoul insists that talks should aim first at reducing tensinn in the Korean peninsular

FTC reduces scope of probe into car makers

BY IAN HARGREAVES IN NEW YORK

THE SCALE of a four-year-old anti-trust investigation into General Motors and other U.S. car manufacturers is to be greatly reduced, the U.S. Federal Trade Commission (FTC) announced yesterday.

As a result of the change Chrysler, Ford and American Motors are now virtually excluded from the investigation and a "substantial reduction" is promised in the breadth of the study at GM.

The move has considerable significance for the regulatory climate in which the biggest U.S. corporations operate. The agency said it had changed tack because of the financial weakness of Chrysler and the fact that motor imports were now a more serious competitive threat.

Foreign car manufacturers took a record 26 per cent of the U.S. car market last month, having reached a record annual market share of 21.5 per cent last year.

The FTC decision on its motor investigation—which had been one of its biggest current projects—however also had some political undertones.

The Senate yesterday began consideration of a bill which would curb the commission's powers and could lead to some form of congressional veto over its decisions.

The commission's action on the motors investigation is therefore both an attempt to show it is acting responsibly at a time when the motor industry is in great difficultes, although it is ironic that those difficulties are leading to ever larger market shares for GM at the expense of Ford and Chrysler. Last month, GM took 65 per cent of the U.S. car market.

The commission began its investigation of the car industry in August 1976 and in spite of various court actions by General Motors has insisted on carrying out a detailed study of competitiveness within the industry over a long period of its history.

There was no comment from the commission on its other major anti-trust investigation, a ten-year-old examination of competition in the oil industry.

It is felt, however, that the tide of feeling against overzealous anti-monopoly powers, as expressed in the legislation now before Congress, is leading to a cooling of this and other actions being taken by the U.S. Justice Department, which has similar powers to those of the FTC on anti-trust matters.

The Justice Department's most celebrated case is an 11-year-old action against International Business Machines, which is expected to be concluded shortly.

RCA seeking insurance for lost satellite

By David Lascelles in New York

RCA, the large U.S. telecommunications company, has abandoned attempts to recover its runaway satellite, and is going to lodge a $50m insurance claim instead.

Announcing this from its New York headquarters yesterday, RCA said the insurance would cover the cost of both the satellite and compensation for any business interruptions caused by the loss.

The saga of RCA's lost satellite began in early December when the one ton SATCOM 3 was launched from Cape Canaveral. All went well for four days. Then RCA commanded it to fire a rocket which should have put it into permanent orbit 22,000 miles above the Pacific Ocean. But that was the last RCA saw of its satellite.

John Moore adds: Lloyd's of London and London insurance companies have led on the insurance of the satellite although a large part of the risk is insured in overseas markets.

Terrorists try to force Salvador siege surrender

SAN SALVADOR — Right-wing terrorists kidnapped three Communist leaders and threatened to kill them if leftists occupying the Spanish embassy did not pull out by last night, but later released their hostages unharmed, according to police.

There was no immediate explanation why they were released. The rightists also had threatened to burn the embassy with the occupiers inside.

About 20 members of the February 28 Popular Leagues, or LP-28, took over the Spanish embassy without a fight on Tuesday, taking the Spanish Ambassador and eight other persons hostage. They demanded that Spain break relations with El Salvador's military-dominated government and that the Government release four LP-28 members they claimed were arrested on Sunday.

Meanwhile, police reported that another leftist leader was machine-gunned to death at his home on Tuesday night, and about 100 radical high-school students were still yesterday holding Sr. Eduardo Colindres, Education Minister, and hundreds of others hostage at the Education Ministry.

The students invaded the Ministry on Tuesday demanding a 40 per cent reduction in the tuition fees charged by private colleges, expanded enrolment at free public universities and the dismissal of some Education Ministry officials.

There was no immediate indication of what the government might do about the threats from the ultra-rightist organisation for the struggle against communism.

The Popular Leagues and half a dozen other militant Left-wing groups accuse the junta of not carrying out social and economic reforms promised after the overthrow of the Right-wing military President Carlos Humberto.

AP

Governor Jerry Brown—nearing his last chance.

Kennedy depicts an 'unholy alliance'

By Jurek Martin, U.S. Editor in Washington

APPARENTLY FACING a second defeat in this weekend's Democratic party caucuses in Maine, Senator Edward Kennedy has accused President Jimmy Carter and California Governor Jerry Brown of entering into "an unholy alliance" to undermine his chances in the State.

Specifically, Mr. Kennedy charged that the Carter campaign has been providing Mr. Brown's people with useful computerised lists of registered Democrats in the State. He added that he was not particularly upset by this, since it was a typical piece of political infighting.

Several months ago, when Mr. Carter was far behind Mr. Kennedy in the polls, the President's strategists were openly hoping that Mr. Brown would make a respectable showing, simply because it was generally felt that Mr. Brown was less likely to draw votes away from the President than from Mr. Kennedy.

Now that the boot is on the other foot, the hope still exists that whatever support Mr. Brown can muster will further push Mr. Kennedy down the slippery political slope.

Certainly Mr. Brown, whose candidacy had itself slipped into near oblivion in recent weeks, is doin ghis best to help, even in inadvertently. He scrapped his previous campaign schedule in order to concentrate exclusively on Maine in the hope, he says, that he, not Senator Kennedy, would ultimately survive as the sole Democratic "challenger" to the President.

No current poll suggest he has much of a chance of realising this goal. Moreover, Mr. Kennedy is insisting that whatever the outcome in Maine, and in New Hampshire two weeks later, he is in the race to stay—hoping that the tide against him will eventually turn.

Even if it does not, some of his advisers suggest, staying the course and gamely plugging the liberal line in domestic policies will enhance the Senator's political reputation—much as it did that of Congressman Morris Udall from Arizona who, while never winning a primary, fought almost all of them in 1976 and finished second to Mr. Carter and is indisputably today one of the most respected members of Congress.

Brazil takes over farm land

BY DIANA SMITH IN BRASILIA

PRESIDENT Joao Figueiredo of Brazil has declared expropriation of nine large estates in Mato Grosso do Sul state, in the centre of the country, as part of his move toward agrarian reform. The area of these estates, totalling 47,760 acres, will be broken up into 1,000 smallholdings. These will be distributed to dispossessed small farmers and their families.

The presidential palace says that more expropriations in other areas will follow. The decree, signed on Tuesday, states that expropriated areas are "declared a priority for the purpose of agrarian reform."

Late last week, Sr. Figueiredo ordered the setting up of an executive group to study land problems in the Amazon state of Parana, an area of critical rural tension.

This evident recognition by the presidency of the principle that "the land must go to those who work it" should help to solve centuries of land disputes in Brazil.

The problem began under the Portuguese crown, from which Brazil severed itself in 1822. Favourites of the Lisbon court were given large areas of land—some as large as a European country. Few of their descendants have chosen to work the estates, the rest have left the land fallow, while Brazil's population has exploded and placed critical pressures on food supplies.

For generations smallholders, tenant farmers, sharecroppers and squatters have struggled to work whatever farms they can occupy, many of them dying at the hands of hired gunmen or hunger.

As the search for arable land becomes more desperate, dispossessed sharecroppers frequently raid Indian reserves, killing tribesmen, and decimating forest or woodlands. These side-effects of land tension are also radically altering microclimates and contributing to creeping desertification in several zones.

Brazil's agriculture is in a critical state. Annual shortfalls force heavy imports of foodstuffs that could be grown domestically if land were available. These shortfalls add serious pressure to the country's trade account.

Continuing agricultural shortfalls are due to under-use of the arable land which accounts for some 3m square kilometres of Brazil's 8.5 square kilometre area.

President Figueiredo's commitment to agragarian reform has been labelled as "Marxist heresy" by the right wing, but he appears prepared to brave their wrath to prevent exacerbating rural tension, and adding to heavy migrations to cities and the daily loss of life either due to shoot-outs on land under dispute, or malnutrition.

Also in the pipeline is a progressive, punitive tax on non-use of land. The smaller the area worked in any State, the higher the rate of tax, rising to 75 per cent in extreme cases.

Scandal may rebound on FBI

David Buchan reports from Washington that the political bribery scandal which erupted this week may embarrass Mr. William Webster, director of the FBI (right), as well as the Congressmen and a Senator allegedly accepting money from his agents.

ONE REPUBLICAN Congressman and seven Democrats including a Senator have so far been named in the fulsome leaks this week of the U.S. Federal Bureau of Investigation's undercover operation, designed in its latter stages to flush out political bribe-takers.

One Democratic leader called it a national tragedy. The Republicans charged that it was symptomatic of a climate of corruption created by 25 years of Democratic control of the U.S. legislature.

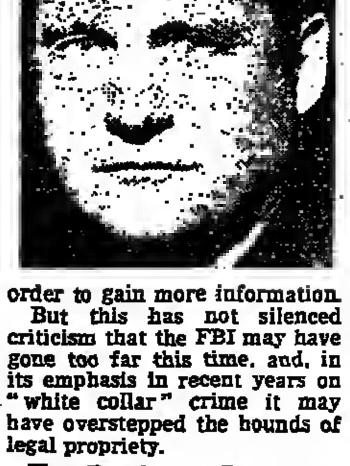
It is neither—though with the FBI masquerading as agents for Arab sheikhs, it is a tale that has titillated many. Sobering to recall, however, is the fact that over the past four decades less than 50 Congressmen (only two Senators) have been involved in criminal investigations, much less convicted. Allegations of skullduggery on Capitol Hill sometimes have an anti-climactic way of fizzling out.

In the mid-1970s a South Korean businessman was said to have curried illegal favour with as many as 100 congressmen. In the end, only three were "reprimanded" for the part in "Koreagate" as it was dubbed. This was partly because congress, which meted but the "reprimands," has tended to be lenient in dealing with its own.

Perhaps to compensate, congressional leaders this week have promised a speedy and thorough investigation by the Ethics Committee in each house into what has already been christened "Abdulgate" by some. They may be hampered, however, by the Justice Department's refusal to turn over FBI evidence at least until its own investigation is complete. Mr. Benjamin Civilette, the Attorney General has in fact asked Congress to delay hearings until any criminal trials are over.

Meantime, some serious questions have to be asked about FBI methods in "Abdulgate." On what basis was a probe begun in 1978 into stolen art and government securities, subsequently turned into a fishing expedition with certain politicians as its targets? Were those who allegedly accepted pay-offs "entrapped" by the FBI into doing something they otherwise would not have done?

Ultimately, these may be questions for the courts to determine. But meanwhile, a fresh controversy over the FBI has broken out. Mr. William Webster, the FBI Director, said his agency had taken special care to avoid any charges of entrapment being successfully used against it. At the White House, Mr. Jody Powell, the President's Press Secretary, likened the FBI's methods to those used routinely by reporters who pretended to officials they had more than they really had on a story in



order to gain more information.

But this has not silenced criticism that the FBI may have gone too far this time, and, in its emphasis in recent years on "white collar" crime it may have overstepped the bounds of legal propriety.

The Republican Party may well try to make political capital out of the latest scandal, given the preponderance of democrats allegely involved, and the fact that this is an election year for Congress as well as the presidency. The Republicans still have a presidential abuse of power (Nixon and Watergate) to live down. Whether the latest scandal would accrue to their electoral advantage is doubtful. The 1978 elections (after "Koreagate," in which Democrats were mostly involved) did not much change the balance of the parties on Capitol Hill.

Generalisations are dangerous in this area. It is true that Democratic control (since 1958) on Capitol Hill has been nearly as prolonged as that of ruling government parties in Italy and Japan (and in the latter the 1975 Lockheed contract payments scandal showed corruption had made some in roads). Perhaps prolonged power does lead to complacency.

On the surface, Democrats are more likely to be the target of corruptors simply because they are more numerous than Republicans and, as the majority party, hold the power (not inconsiderable under the U.S. system) of committee chairmanships.

Corruption allegations in recent years have tended to centre not only on Democrats (believed to be generally poorer on average than Republicans), but also on House members (known to be poorer on average than senators). In the current congress, one-third of the 100 senators have disclosed a net worth of over $1m—in the House less than 10 per cent rate as dollar millionaires.

Greed is obviously no respecter of an individual's wealth. At the same time, no congressman or senator (paid $57,500 a year alike) is a hardship case—though some cannot afford a house in both Washington DC and their home state or district.

Recent reforms place limits on how this can be supplemented by earnings outside, in order to prevent potential conflicts of pecuniary interest, but congressmen can still keep up to $25,000 a year in "honoraria" (for giving speeches and the like) and up to $8,625 or 15 per cent of their standard salary from outside employment.

Leyland to sell 200 buses to Iraq

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LEYLAND VEHICLES has broken back into the bus market in Iraq with a contract for 200, worth £14m when the value of spares and special equipment is taken into account.

The deal has extra significance for Leyland because it seemed at one stage that Iraq might give up buying British buses, mainly because of political problems between the two countries.

Last year Iraq gave MAN of West Germany that company's first contract for double-decker buses when it ordered 400, even though it already had a big fleet of Leylands complete with spares and back-up equipment. However, it now seems that Iraq will dual-source its double-decker bus fleet.

Another important consideration for Leyland in the new contract is that it includes three of the new Landtrain bonnetted trucks (formerly designated T43) developed specially for overseas markets.

Sold in the form of a tanker, a breakdown vehicle and a cargo carrier, the three vehicles will provide potential Iraqi customers with the chance to see how Landtrains operate in local conditions.

The contract, awarded by Baghdad Passenger Transport Services, is for 200 Atlantian double-deckers to be delivered over the year from the middle of 1980.

They will join 400 other Atlantians already in service in Baghdad and 300 older Leyland models.

The chassis will be made at Leyland, Lancs., and Leyland 680 engines will be used. Body building will be carried out by Willowbrook of Loughborough, a company which is not a Leyland subsidiary.

Leyland said yesterday it was confident of getting further orders from Iraq.

Mr. Frank Andrew, sales and marketing director, commented: "We are excited by this new contract because it represents a come-back for us in this very important market. We went through a bad patch recently when the German buses were bought. So we are delighted that the authorities chose our models."

Soviet trade with West climbs by 21%

BY DAVID SATTER IN MOSCOW

WITH FAR reaching Western trade sanctions going into effect, official Soviet trade statistics yesterday demonstrated that Soviet trade with the West has had an underlying healthy trend. It rose by 21 per cent during the first nine months of last year compared with the same period of 1978.

The Soviet Union also significantly reduced its deficit in trade with the West in the first nine months of 1979 by increasing the value of its exports 33 per cent and even building up an unusual roubles 608.3m (£422m) surplus in the third quarter.

Soviet trade with the West in the first three quarters of 1979 reached a value of R17.8bn, 21 per cent higher than the value of trade in 1978 which was only R14.7bn.

The most important factor in the rise was an increase in the value of Soviet exports, which was apparently accounted for by higher prices for Soviet oil and gas.

Soviet exports had a value of R8.3bn in the first three quarters of last year compared with R6.2bn in the equivalent period of 1978, but imports also rose sharply to R9.4bn in the first three quarters of last year compared to R8.4bn for the same period of 1978.

The size of the Soviet deficit with the West which had been of concern to some Western bankers was reduced to R1.1bn, approximately half the deficit for the same period in 1978 which was R2.16bn.

Krupp order to build coal plant in Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND is interested in continuing its trade contacts with West Germany despite the worsening East-West political climate.

This is shown by a meeting this week between Mr. Piotr Jaroszewicz, the Polish Prime Minister and Mr. Berthold Beitz, the chairman of Krupp. Mr. Beitz was in Warsaw for talks on further co-operation following the signing of an agreement with Krupp to build a coal gasification plant at Libiaz in southern Poland.

Polish-West German trade contacts came into question when Count Otto Lambsdorff, the West German Economics Minister, postponed bilateral talks scheduled for January 19. The reason given by the West Germans was that last minute proposals made by the Poles had to be examined in detail. But it was widely believed in Warsaw that the postponement had been caused by the worsening climate following the Soviet invasion of Afghanistan.

Roger Boyes in Bonn adds: Krupp Koppers, the Krupp steel and engineering subsidiary, confirmed it was to build a DM 250m (£64.1m) coal-into-gas plant in Poland. The agreement was reached after several months negotiations with the Polish Kopex agency.

The Krupp Koppers plant will be able to produce 950m cubic metres of gas a year from hard coal which will be excavated in the Katowice area near Libiaz.

Agreement to restart Iran plant

BY SIMON HENDERSON IN TEHRAN

MR. EIMEI YAMASHITA, senior managing director of Mitsui and president of the Iran - Japan Petrochemical Company (IJPC), told the Financial Times here yesterday that agreement had been reached for resuming work "as soon as possible" on the $3.3bn Bandar Khomeni petrochemical project. But although Mr. Yamashita is returning to Japan today he indicated that there were still problems to be resolved.

Mr. Yamashita said the next stage would be for Kayo Construction Company, which is building the liquid petroleum gas (LPG) tank, to send back 100 Japanese engineers. The Chuobuilt Company of Japan, another contractor, has already sent back 30 men who are repairing living accommodation on the site.

Mr. Yamashita said the main problem in resuming work was the need to reach agreement on specific expenses over and above the original contract. But he thought this would soon be solved since it was only a technical mater.

The three stages to be completed are: the LPG production plant, which should be completed by the end of this year; an ethylene plant, which is due to be started at the beginning of next year, and an aromatics plant.

Problems facing the project since the revolution have been Iranian demands that more local people should be employed and also that Japan should provide training for Iranian engineers. Mr. Yamashita said all 28 Japanese contractors involved were being held to employ as many Iranians as possible and efforts were being made to recruit Iranian engineers.

Feedstock for the complex is due to be supplied by a gas-cleaning and liquefaction plant being built at Ahwaz by Parsons of the U.S. but it withdrew following the hostage crisis. Mr. Yamashita said he hoped that relations would improve so that Parsons could come back. Otherwise Iran would have to find another company to complete the work. If necessary, he said, the Japanese would be ready to do this.

Japanese to resume Iran steel sales

By Charles Smith, Far East Editor in Tokyo

Japanese trading companies have resumed discussions on the export of steel to Iran after a period of four to six weeks in which little or no business was transacted. This was confirmed yesterday by Marubeni Corporation.

The amount of steel which Iran wishes to buy is not known precisely, but would appear to be at least 200,000 tons, all for delivery in the second quarter of the year.

The trading companies say that the suspension of export negotiations with Iran during much of December and January was caused by doubts about Iranian ability to pay rather than by political factors. During the past month it has been possible to conduct checks on the credit worthiness of potential customesr and thus to resume talks. Steel sales, however, are made for cash

Joint tank venture to cost $10bn

BY DAVID WHITE IN PARIS

THE FRANCO-WEST GERMAN agreement on a new battle tank for the 1990s, signed here this week, is reckoned to involve about 5,000 units and an investment of $10bn (£4.3bn), according to reports here.

The agreement, signed by Defence Ministers, Herr Hans Apel and M. Yvon Bourges, followed earlier West German disappointment over tank co-operation with the U.S. In the initial stages, the possibility will remain open of participation by a third European partner.

The new tank will be a replacement for France's AMX-30 and West Germany's Leopard 1.

It will be built on a 50-50 basis by the French Groupement Industriel pour les Armements Terrestres (GIAT), a State-run concern under the control of the French Defence Ministry, and the West German MKS consortium, which includes Krauss Maffei, the builder of the Leopard 1 and Leopard 2.

The precise division of labour for the tank, which will weigh about 40 tonnes, has yet to be decided, but the French side is expected to take responsibility for the turret and armaments and the German side for the chassis and motor.

At the same time the two countries are reported to be near to overcoming difficulties over their planned joint television satellite programme, which involves an investment estimated at FFr 1.3bn (£140m).

Two French companies, the state-owned Aerospatiale and the electronics group Thomson-CSF, and two West German companies, MBB and AEG-Telefunken, have already reached agreement to bid together for the satellite contract.

The first satellite is due to be launched by the European rocket Ariane in late 1983.

Warning for UK exporters

By Margaret Hughes

BRITISH EXPORTERS are strongly advised not to undertake business with Iranian buyers on a letter of credit basis unless they are confirmed by a Class A bank in London. It appears that Iranian customers in negotiating purchases with British suppliers have been offering payment on a letter of credit basis. However, Iranian banks are not prepared to confirm these in London.

This advice was given yesterday by Mr. Derek Gorton of Barclays Bank International, to the London Chamber of Commerce export finance discussion group. There is still no ECGD cover available.

Mr. Gorton gave similar advice to exporters doing business with Nigeria, emphasising that letters of credit should be confirmed in London by a UK bank. But Mr. C. T. A. Milton Job of the London branch of the National Nigerian Bank stressed that confirmation provided by his own bank in London gave equal security to the exporter. He also said that UK exports to Nigeria could be financed in currencies other than sterling.

Saudis promise oil for Austria

BY PAUL LENDVAI IN VIENNA

SAUDI ARABIA has promised the chancellor Bruno Kreisky of Austria the shipment of "at least 1.7m to 2m tons of crude for Austria a year.

Talks about a contract are to be conducted directly between OEMV, the Austrian State oil corporation and Petromin, the Saudi Arabian oil company.

The Saudi crude would cover about one-fifth of Austria's annual oil imports which this year are expected to reach 9.1m tons in addition to a domestic output of some 1.8m tons.

The Saudi commitment, made personally by Crown Prince Fahd during Dr. Kreisky's weekend visit in Riyadh is regarded here by oil executives as a major and unexpected breakthrough both with regard to future supplies and the alleviation of the strains on the external payments balance since Austria would have bought the same amount at much higher prices on the spot market.

OEMV has tried to secure such a contract at least since 1972. It is emphasised that, at a later date, the Saudi deliveries could be further increased. Last year Austria imported almost 2m tons of Soviet crude, 1.9m tons from Iraq, 1.6m tons from Iran, 900,000 tons from Libya and about ½m tons from Algeria, in addition to smaller quantities bought from other OPEC member states.

Meanwhile, Chancellor Kreisky, who enjoys great prestige in the Arab world on account of his sympathies for the Palestinians, also appears to have improved the chances of Voest, the nationalised steel and engineering concern, to secure a Sch 3.5bn (£125m) order for the construction of a complete steel plant.

Egypt removes Israel boycott

CAIRO — Egypt's People's Assembly (Parliament) has passed a Bill ending the economic boycott of Israel, the official Middle East News Agency reported yesterday.

The Bill was approved following normalisation of Egyptian-Israeli relations which began on January 26. The boycott was imposed by all Arab states in 1948 when the Jewish State was created.

The agency said all 30 members of the opposition Socialist Labour Party (SLP) abstained from voting on the draft Bill.

Mr. Ibrahim Shukri, the SLP leader, said they abstained because they felt Israel was not serious about granting autonomy to the 1.2m Palestinians living on the River Jordan, West Bank and in the Gaza Strip.—Reuter

£127m loans for HK power plant

By Our World Trade Staff

LOANS of £108m and HK$ 208m (£18.8m) both guaranteed by Britain's Export Credits Guarantee Department (ECGD) have been arranged for Kowloon Electricity Supply Company (KESCO) of Hong Kong by J. Henry Schroder Wagg.

The loans will finance a contract awarded in October last year by KESCO and GEC Turbine Generators for the supply of a second pair of 350 MW turbine generators and associated coal/oil-fired boilers being supplied by Babcock Power for KESCO's Castle Peak power station.

The UK loan of £108m, which is being provided by 15 international banks, will finance the UK element of GEC's contract.

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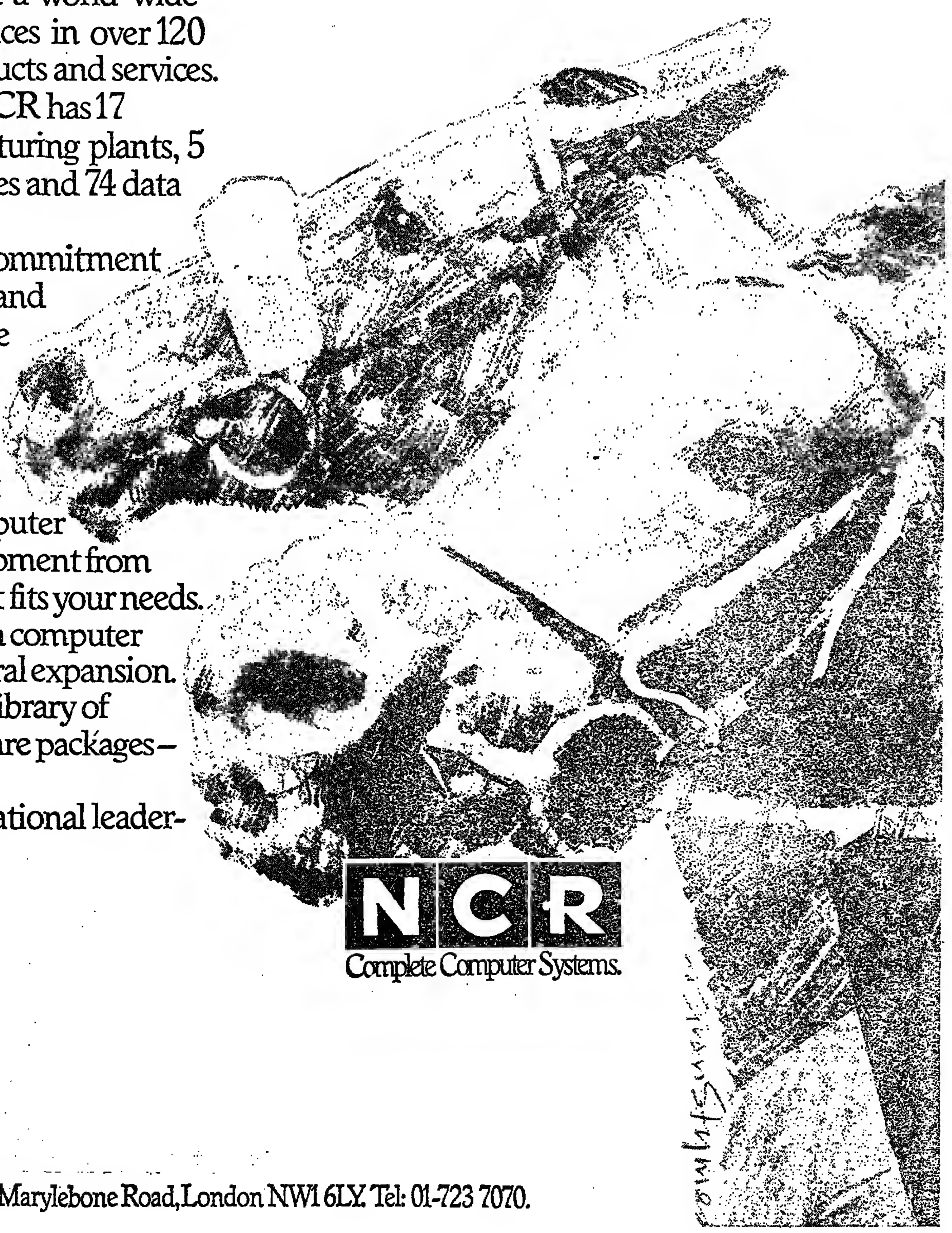

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Police probe gilts deals after action by SEC

BY ANDREW FISHER

CITY OF LONDON Fraud Squad is looking into certain dealings in gilt-edged securities which took place at a leading firm of City stockbrokers, Hedderwick Stirling Grumbar, in 1977 and 1978.

The dealings have already led to unprecedently severe and sweeping disciplinary action by the Stock Exchange Council, full details of which were published yesterday.

It has expelled from membership Mr. Terence Webster, a former partner in Hedderwick, charging him with acting "in a disgraceful manner," suspended three others from trading, and censured the firm's managing director, Mr. Colin Franklin.

Mr. Webster, who is in his early 30s, resigned from the firm a year ago when the enquiry was under way, was in charge of Hedderwick's gilt-edged department when the dealings took place.

According to the council, "he acted contrary to the best interests of certain clients of the company in not obtaining the best possible market prices but instead acted to benefit certain discretionary accounts."

The council found that he acted for personal gain by his handling of "put-through" deals, a trading device by which buyers and sellers of securities are speedily matched through a jobber.

The discretionary accounts benefiting from these deals included Ranelagh and Van Dyke Investments. Hedderwick says it has not suffered any financial losses as a result of the deals.

Mr. Webster's solicitors, C. M. Alfille and Company, yesterday denied the allegations on his behalf, stating that they "were and are without foundation."

"Out of a series of allegations, only one identified bargain fell within the ambit of the charges which were held to be proved against him," the solicitors added.

Two partners in Hedderwick, Mr. John Bindon-Howell and Mr. David Hypher, have been suspended by the council from all trading for the next three months, and both have resigned from the firm.

An associate member of Hedderwick, Mr. John Piggott, has also resigned after being suspended for a month. All three were held by the council to have behaved "in a *discreditable manner*" when part of the gilt-edged department.

Mr. Franklin has also been found to have acted discreditably in failing to exercise proper management and control of the department. He said yesterday: "When things go wrong in a company, the managing director must accept overall responsibility—that is one of the hazards of his job."

Mr. Franklin is due to retire next month. The present chairman, Mr. Ralph Hedderwick, will retire this summer and is to be succeeded by Mr. Wallis Hunt.

"I was disappointed," said Mr. Hedderwick, speaking about the scope and severity of the council's action. He said he first heard about the particular deals in October, 1978, and immediately informed the Stock Exchange.

Leading Stock Exchange members said they could not recall a case involving so many people subjected to such stiff penalties. But they pointed out that the council had to be seen to be firm and fair, especially during the running debate on whether self-regulation of the market should be augmented or replaced by legal sanctions.

Mr. Hedderwick said he did not think the firm's reputation or business would suffer as a result of the Stock Exchange action.

"We took the initiative," he commented. According to Mr. Hunt, no jobber or client of Hedderwick's had ever complained about any of the gilt-edged deals.

The Stock Exchange stiffened its disciplinary rules in March 1978, and said yesterday that Mr. Webster's actions after that date amounted to "gross misconduct." He also failed to inform Hedderwick that a certain discretionary account was run for his own gain.

CAP 'will cost consumer £2.2bn'

BY DAVID MARSH

THE COST to the British consumer of the Common Agricultural Policy will be about £2.2bn in 1980, the Institute for Fiscal Studies says in a research paper.

The estimate is nearly twice as high as the figure of £1.2bn which the Government calculates as Britain's budgetary deficit with the EEC this year.

Mr. John Kay, the institute's director of research, and Mr. Nick Morris, senior research fellow, claim that the £1.2bn figure is "almost meaningless" and substantially underestimates the cost of the CAP.

The institute's paper says that the true cost is made up of two components. The first, which is likely to total £1.3bn in 1980, is the cost to consumers of higher EEC food prices, less the gain to UK producers from receiving correspondingly higher prices for their output.

The second, which is estimated at £975m this year, is the net contribution by British taxpayers from non-agricultural resources to EEC agricultural spending.

Mr. Kay said in London yesterday that it made no difference to the British consumer whether food prices were higher because of import levies transferred by the Government to Brussels, or simply because Continental producers were able to charge inflated prices for their output.

Yet in the first case the extra payment formed part of the budgetary cost, and in the second it did not. "A more comprehensive accounting is required," he said.

The authors say the cost to Britain of the CAP has risen by about 50 per cent since 1978, partly because of the rise in value of sterling.

"An appreciating currency would normally lower domestic food prices, or at least reduce the rate of increase," the research paper says. "Because of the CAP, however, UK food prices have not reflected the revaluation of sterling, and the green pound has even been devalued during the period."

The Institute for Fiscal Studies puts the total cost of the CAP borne by European consumers at £18bn. Less than 80 per cent of this is reflected in higher income to producers.

The remainder, amounting to £4bn, seeps away through the promotion of uneconomic production, reduction of consumer demand through high prices, costs of storing surplus produce and low-priced export sales, it says.

Based on figures for 1978—the latest year for which comprehensive data are available—the authors say the Common Agricultural Policy cost Britain nearly one per cent of Gross National Product that year, but the cost to Italy as a percentage of its national income was even higher.

Both countries, as well as West Germany, were net contributors of more than £1bn each, while Ireland, Denmark and the Netherlands were net beneficiaries.

Gillett quits gilt fund management

GILLETT BROTHERS Discount Company is to wind up its operations in gilt edged fund management. Gillett Brothers Discount Fund Management will cease trading when Mr. George McNeill, the subsidiary's managing director, leaves the group on February 29.

Gillett Brothers, one of the City's 11 discount houses, entered fund management less than three years ago.

Later this month the company will announce its annual results for the difficult trading year of 1979. It reported an overall loss in the first six months.

Councils protest

THE GOVERNMENT could face a confrontation with local authority associations if it delays in consulting them further over its bill to give greater central control over local government spending, Sir John Grugeon, chairman of the Association of County Councils' influential Policy Committee, said yesterday.

He was introducing a debate at the association's executive council meeting on the Local Government, Planning and Land Bill, which was approved on second reading in the Commons on Tuesday.

The association's opposition to the Bill's proposals was not divided by party. It agreed in principle with the Government's aims, but disagreed with its ways of achieving them.

Direct sales code

A CODE of practice to protect people who buy goods in their own home was published yesterday by the Direct Sales and Services Association, the trade body for the direct selling industry. More than 50m direct sale purchases, with a retail value of about £800m, are made every year.

NEB assets sales may be delayed

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

GOVERNMENT pressure on the National Enterprise Board to raise £100m from the sale of assets by the end of next month seems likely to be relaxed in order to permit a more rational disposal programme.

The Industry Bill, which will change the board's statutory guidelines, received its third reading in the Commons yesterday. It looks increasingly unlikely that the Bill will have completed its passage through the Lords in time for the royal assent by the end of March.

In that case, the obligation on the board to dispose of assets instead of acquiring them in accordance with its present guidelines will be delayed for a short time.

The original requirement on the board to contribute £100m to the £1bn sale of State assets by the end of the present financial year was laid down by the Chancellor in the Budget.

Sir Leslie Murphy, the previous chairman of the NEB, and Sir Arthur Knight, present chairman, have argued with the Department of Industry that such a rigid timetable might not be in the best interests of the taxpayer or the companies concerned.

So far, the board's selling of its 25 per cent stake in International Computers (ICL) last December has been the only sale since the Government imposed the £100m requirement.

The ICL sale brought in £38m. The other holdings that might be sold to raise the balance have never been specified, but they are generally supposed to include holdings in Ferranti (50 per cent), Brown Boveri Kent (20 per cent) and Fairey Holdings (100 per cent).

Other disposals might yet possibly be made before March 31, the most favoured being the stake in Ferranti. The Ferranti management has made clear, however, that it would prefer the board to retain part of its stake.

Air charge increases will push up fares, Nott told

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FURTHER big rises in UK air fares and some in international rates are likely if the British Airports Authority and Civil Aviation Authority increase charges, as proposed, from April 1.

That was made clear to Mr. John Nott, Trade Secretary, in London yesterday by Mr. Claude Taylor, president of the International Air Transport Association, and Mr. Knut Hammarskjold, IATA director-general.

They emphasised that the proposed increases will add more than £100m this year to UK and foreign airlines' bills for landing fees, aircraft parking fees, and navigation and airport security charges.

Such increases will result in higher fares. Many UK airlines have asked for rises of between 12 and 30 per cent in domestic fares from April 1, and plan to raise international rates.

The airlines' team yesterday included Mr. Ross Stainton, chairman of British Airways; Mr. Alastair Pugh, managing director of British Caledonian; and Mr. Van Rafelghem, president of Sabena of Belgium.

Mr. Nott, supported by Mr. Norman Tebbitt, Aviation Minister, is understood to have made clear that charges are primarily a matter for the airports and aviation authorities.

He is believed to have told the airline chiefs that UK Government policy is to ensure that British civil aviation pays its way, without recourse to the taxpayer, and finances future development on a commercial basis.

The British Airports Authority, with a £100m passenger terminal to build at Heathrow and similarly expensive projects in prospect at Gatwick and Stansted, is putting up charges from April 1.

The Civil Aviation Authority is raising fees to help it with the rising costs of such services as Eurocontrol, aiding navigation over Europe. The Government has sharply cut the grant-in-aid formerly given to the authority which helped to curb the costs of pilots' licences and other fees.

The Transport Department's security levy went up on February 1 by 95 per cent to £1.60 a departing passenger, generating an additional £20m a year.

The airlines argue that the *increases are unnecessarily high* and must be passed on immediately to the passengers in dearer fares.

Hollom to chair panel

THE BANK of England formally confirmed yesterday that Sir Jasper Hollom (right) retiring deputy governor of the Bank, is to become the next chairman of the Takeover Panel.

Sir Jasper will succeed Lord Shawcross (left) who has held the position as chairman since the Panel was re-constituted in 1969. Sir Jasper will assume the chair from June 1.

Sir Jasper, 62, has spent his working life with the Bank of England. He has been deputy governor for 10 years, and was previously a director on the home side. Before that he was *chief cashier, equivalent* to the Bank's chief executive. He will continue in a non-executive capacity, and will have certain advisory duties.

Sanctions papers 'withheld'

IMPORTANT documents are being withheld from Lonrho, the overseas trading conglomerate, in its £100m claim against Shell, BP and 27 other oil companies over alleged breaches of Rhodesian sanctions, it was claimed in the Appeal Court yesterday.

Shell and BP had said they had no power to produce documents belonging to their subsidiary companies operating in Rhodesia, Mozambique and South Africa, Mr. Charles Sparrow, QC, told Lord Denning, the Master of the Rolls, and two other appeal judges.

Mr. Sparrow was opening Lonrho's appeal against a High Court judge's ruling in private last Friday that Shell and BP could not be compelled to disclose the documents.

In January 1978, the High Court ruled that Lonrho's claim against Shell and BP must be dealt with in private under the arbitration clause in a 1962 agreement and not at a public court hearing.

The 1962 agreement—between Lonrho, the 29 oil companies and the then Rhodesian Government—provided for Lonrho to build a pipeline from Beira in Mozambique to Rhodesia, and for all oil supplies to Rhodesia to go through that pipeline.

Sanctions imposed following Rhodesia's UDI in 1965 had meant the pipeline could not be used. But, said Mr. Sparrow, Lonrho had had the expense of maintaining it without getting any revenue from the oil companies which, he alleged, had supplied Rhodesia with oil by other means.

Lonrho's damages claim is based on the losses suffered as a result of alleged breach of contract by the oil companies and an alleged conspiracy by the oil companies and the then Rhodesian Government to ensure the success of UDI by the continuing supply of oil.

Mr. Sparrow said that last December problems had arisen over the production of documents by Shell and BP in the arbitration.

Mr. Sparrow said that on December 18, shortly after the documents dispute had arisen, Lonrho had received a letter from the Foreign and Commonwealth Office indicating that Crown Privilege might be claimed in respect of the Bingham documents, preventing them, in the public interests, from being disclosed. The letter had come as a bombshell.

Last Friday a High Court judge had ruled against Lonrho on all three disputes about the documents, but gave Lonrho leave to appeal against his decision in respect of the subsidiary companies' documents.

Mr. Sparrow said that, in addition to claiming they had no power to produce those documents, Shell and BP also argued that legislation in Rhodesia and South Africa prohibited the disclosure of information in this field to people outside those countries.

Council house starts lowest since war

BY ANDREW TAYLOR

COUNCIL housebuilding in 1979 reached its lowest level since the last war, according to figures published yesterday by the Department of Environment.

At the same time a survey conducted by Shelter, the organisation for the homeless, indicated that recent decline in the length of council house waiting lists appears to have halted.

Council housebuilding has declined rapidly over the past four years as spending cuts have bitten deeply into local authority budgets. In England work on fewer than 47,000 new council dwellings was started last year.

This compares with 63,000 starts in 1978 and 81,000 in 1977. The highest level of starts for the decade was in 1975 when work on 110,000 new dwellings began.

The Shelter survey showed that, last year, just over 1m households remained on council house waiting lists in England and Wales—marginally less than in 1978. Shelter said yesterday that the decline in waiting lists now appears "to have bottomed-out."

Total housing starts in 1979, including the private sector, were 219,600—the lowest figure since 1951. Private sector starts of 139,000 last year compared with 157,000 in 1978.

The decline in the private sector reflects a shortage of building society funds to meet mortgage demand and also the bad weather during the early part of 1979 which effectively reduced building activity to nine months last year.

During the year a total of 234,700 dwellings were completed, against 279,000 in 1978. Public sector completions were 102,100, a decrease of almost 29,000. Private sector completions fell by 18,000 to 132,600.

A further decline in housebuilding activity, particularly in the public sector is expected this year. Some forecasts suggest that total housing starts could fall by a further 13 per cent in 1980.

The highest number of housing starts since the last war was in 1953 when work began on 348,000 dwellings. That year council house starts in England also peaked at about 170,000.

Three 'talked before raid on Wm. Press'

BY ANDREW TAYLOR

THREE PEOPLE had supplied information to the Inland Revenue before tax investigators raided the offices of William Press engineering and construction group in March 1978, a court was told yesterday.

One of the three was Mr. Alec Ayliffe, the company's former internal audit manager, but the names of the other two people were not being disclosed.

The company and eleven of its executives are accused at committal proceedings, at Caxton Hall, London, of conspiracy to defraud the Inland Revenue. Another two men are accused of false accounting.

Mr. Gerald Smith, a senior Inland Revenue investigator told the court that the warrant to enter the William Press office could only be granted on sworn information before a circuit judge. This information had come from Mr. Ayliffe and two other persons acting separately.

Mr. Smith said that some of the files taken from William Press offices had been returned as irrelevant.

Plan to publicise methods of computer-aided design

BY DAVID FISHLOCK, SCIENCE EDITOR

A PLAN to publicise the advantages of computer-aided methods of designing and making goods has been put to the Government by its top scientific advisers.

British industry is lagging behind its main trading rivals in using computer-aided design (CAD) and computer-aided manufacture (CAM), according to the findings of the Advisory Council for Applied Research and Development.

The high cost of the equipment, once a serious deterrent, has begun to fall, the advisory council believes.

In its latest report, produced by a working party headed by Sir Robert Clayton, technical director of GEC, the council says that "failure of UK firms to adopt CAD/CAM through lack of appreciation of its advantages will make it that much harder for them to withstand foreign competition."

The report says that many companies, although aware that CAD/CAM is available, believe that because it is an advanced technology it is relevant only to high technology industries, such as electronics, aerospace and nuclear.

This is a misapprehension, says the council. It cites examples where CAD/CAM is helping in the manufacture of traditional products, including mechanical engineering parts.

The report also illustrates a trend, already apparent in the U.S., towards factories organised around a powerful data processing base. Such factories are known as integrated business systems.

Computer aided design and manufacture. SO, £2.25.

Merchant bankers split over accounting

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

A SPLIT has emerged in the Accepting Houses Committee, the London merchant banks' representative body, over the application of the new inflation accounting system to member banks.

Six of the 17 committee members, including Kleinwort Benson, the largest City merchant bank, believe that the proposals in exposure draft 24, a discussion paper issued by the accountancy profession, are "wholly inappropriate" to banks. They call for a separate inflation accounting standard for the banking industry.

Apart from Kleinwort, the minority group includes Brown Shipley, Guinness Mahon, Rea Brothers, Schroder Wagg and Singer and Friedlander.

Most members of the committee say according to papers published yesterday, that they will support the new accounting system by applying the rules to their true, though unpublished, accounts. In the published accounts, inflation accounting adjustments to profit will then be modified to the extent that an individual bank's assets and profits are disclosed. But even the majority of the banks are against publication of an inflation-adjusted balance sheet.

Under existing company law, accepting houses and certain other banks are granted a legal privilege to publish accounts which do not have to give a true and fair view. Typically, this means banks create secret reserves and smooth earnings from year to year.

It was said yesterday that the split in the accepting houses did not signify a fundamental difference of opinion over the question whether the merchant banks should give up their accounting privileges. "As far as I can see nobody wants to remove the fig leaf," a merchant banker said.

The six dissenting merchant banks have told the accountancy profession's Standards Committee that "further research and discussion is necessary" to determine whether a suitable system of inflation accounting can be established for banks. They point out that exposure draft 24 accepts that other industries—insurance, property investment and dealing companies, investment and unit trusts—should be exempted from the new rules.

"It is our view that the distinctive features of financial entities compared with organisations engaged in other activities need to be recognised separately, not only with regard to an inflation accounting standard, but also in the development of accounting standards generally."

The dissenting banks say one feature of financial institutions, particularly banks, is that their assets are principally in monetary form, while the volume of assets and liabilities is a function of their capital base.

"Thus banks are concerned at least to preserve the capital base in real terms as well in monetary terms. Therefore a system of inflation accounting for banks would have to be formulated around maintenance of the capital base in real terms."

Another point raised by the six banks concerns the extent to which foreigners might be misled by inflation—adjusted accounts.

"It needs to be borne in mind that customers of UK banks are as likely as not to be foreigners unsophisticated in the nuances of UK inflation accounting. This is but one factor which bankers have to recognise if they are to maintain confidence in their respective institutions, they say.

"Confidence is of crucial importance to banks and in our view it is unwise to adopt a proposal which in itself is not wholly appropriate to banks."

● The clearing banks' method of accounting for deferred tax on leasing business comes under strong attack from the group of six merchant banks. They say this is giving cause for concern," not least to the authorities."

"Indeed it would appear that some companies are writing business on optimistic assumptions which could indicate an anxiety to preserve the continued deferral of tax."

"Submissions on the Accounting Standards Committee's Exposure Draft 24: Current Cost Accounting." Price £50 for 5 volumes, are available from the Publications Dept., P.O. Box 433, Chartered Accountants' Hall, London EC2.

Record for rare artist

WINTER in Pennsylvania, painted by the American artist Thomas Birch in 1833, sold for £19,000 (plus the 11.5 per cent buyer's premium and VAT) at Sotheby's yesterday in a topographical picture sale. It was easily an auction record for this artist, whose works usually go for around £3,000. The rarity of his paintings and the attractiveness of the scene pushed up the price.

"Crossing the Lagoon, Venice," painted by another American, Ralph W. Curtis, in 1884 made £12,000 and "View from the Flagstaff Hill, Sydney," by Conrad Martens, £11,500. Leggatt of London bought "A young boy riding a toy horse" by Edward Simmons for £6,500, while "The harbour, Hobart, Tasmania" by Henry Gritten, dated 1857, realised £5,500.

The sale totalled £167,420 but the most important lot, "The wreck of an emigrant ship on the coast of New England" by the distinguished American artist William Bradford failed to find a buyer. It was bought in at £14,000, well below forecast, probably because it was not in very good condition. The painting had been exhibited in London in 1873.

A bisque headed French doll sold for £2,700 at Phillips' yesterday. It had been made by Bébé Breveté. Earnshaw, a London dealer, acquired a Parisian doll by Fernand Gaultier for £1,200, and an automaton of a smoking gentleman with a musical box base went for the same sum.

SALEROOM

BY ANTONY THORNCROFT

At Christie's, South Kensington, an auction of mechanical music brought in £41,531. A Symphonion musical long case clock sold for £3,700 and a rare key wind musical box by Humbert Brolliet for £3,200. A musical liquor dispenser in the form of a cottage organ fetched £550 and a similar went to the same buyer for £500. Top price in a Warwick and Warwick stamp sale was the £6,100 from an American dealer for a £10 black and green Uganda/Tanganyika stamp of 1922-27.

Foundry closure costs 850 jobs

BY ROY HODSON

THE WEIR Group is to close a steel foundry in Sheffield with the loss of 850 jobs only four months after closing the Alston Foundry, Cumbria, employing 130.

O. H. Steel Founders and Engineers, a Weir subsidiary making steel castings at Alsing Road, Sheffield, will close after talks with the unions on a planned run-down.

The company said last night it was having to consider its position because of poor market forecasts. "There are no signs that demand from the industry's main customers will improve in the short or medium term."

Demand for iron and steel castings in Britain and Europe has been poor for more than a year, and in recent months demand for steel castings has scarcely reached 50 per cent of the European industry's capacity.

Other Weir Group foundries at Leeds, Sunderland and Holbrook are operating profitably although at lower levels than in recent years. O. H. Steel Founders and Engineers, however, made heavy losses in the last two years. The group says there is no sign of a recovery.

More than 40 iron and steel foundries closed in Britain last year.

The Steel Castings Research and Trade Association has proposed government backing for reducing the industry's production capacity by 100,000 tonnes a year to about 150,000 tonnes a year.

The Weir Group said the decision to close the Sheffield plant is not connected with the current national steel industry dispute.

Shell sees Salem witnesses

By John Moore

WITNESSES to the sinking of the Very Large Crude Carrier Salem and disappearance of a cargo of 193,132 tonnes of crude oil owned by Shell have been giving evidence to Shell's lawyers in South Africa.

Shell has instituted legal proceedings in South Africa against parties who took delivery of the oil after the Salem made an unscheduled stop at Durban, when it was bound from Kuwait to France.

Shell had bought the oil, which had an insured value of $56.3m, in mid-voyage from a European company, Pontoil.

Kuwait has suspended oil sales to Pontoil pending an investigation of the sinking of the Salem off the coast of West Africa. Sheikh Ali Jaber al Sabah, Assistant Under Secretary in charge of oil contracts, said yesterday. He described the sinking as one of the century's greatest piracy operations.

Sheikh Ali said a preliminary investigation suggested that the Salem was deliberately sabotaged. He stressed that Kuwait strictly prohibits resale of its crude to South Africa because of South Africa's racial policies.

All contracts between Kuwait and Pontoil are to be cancelled and Pontoil are to be deprived of Kuwait oil, if the preliminary investigations prove to be correct.

BSC wins injunction

THE British Steel Corporation was granted a temporary injunction in the High Court yesterday to stop Granada Television using or disclosing corporation documents.

The order, made by Mr. Justice Oliver, is effective until next Tuesday, or earlier if Granada applies to have it discharged.

Mr. Leonard Hoffman, QC, for BSC, did not disclose the nature of the documents. But an affidavit giving the corporation's case was handed to the judge. Granada was not represented at the hearing.

Easter target

BIRMINGHAM'S BUSINESS community has contributed 45 per cent, that is £172,367, of the £382,000 raised since July, 1976, by Birmingham Cathedral Restoration Appeal towards its £400,000 target. Private donations total £14,434, charitable trusts' contributions £11,655, and special events have raised £35,318. The balance comprises interest and sundries. The appeal committee hopes to raise the last £18,000 before Easter.

HAT group

WE HAVE been asked to point out that the HAT Group of Bristol has no connection with Hilton Amalgamated Transport mentioned in Men and Matters yesterday.

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Energy saving 'more costly' than waste

BY JAMES McDONALD

IT IS cheaper to waste energy than to buy equipment to save it in many instances, according to a working party report of the heating, ventilating, air conditioning and refrigeration equipment industry.

Though supporting the Government's energy saving drive in principle, the industry's 1980 progress report to the National Economic Development Council says high interest rates make most energy saving schemes requiring capital investment singularly unattractive.

"The Government could help by making low interest rate loans over, say, three to five years, at a level which would make energy saving projects attractive."

Until investment in energy saving is more attractive than investment in additional production, firms will use cash resources to increase profitable production "which, unfortunately, may well waste even more energy."

The UK industry's output in 1978, at £200m, was 4.7 per cent higher than in 1977. But the improvement was not sustained into the early months of last year. Unless the position is shown to have improved in the rest of 1979, "the growth trend in real output which commenced in 1976 might be broken," says the report.

Home demand in 1978 increased 3.5 per cent. While better than mechanical engineering as a whole, it lagged behind the construction industry's 7 per cent increase.

"This failure to keep pace with activity in the construction sector is disquieting in view of the stimulus to demand from the current campaign for energy conservation and the shift to gas fuels resulting from changes in fuel price relativities."

The working party expects the home market to increase by 1 per cent a year in the next five years. Imports should be reduced to 19 per cent compared with the current 22 per cent share in the home market, and export growth should rise by 5¼ per cent a year.

The report says the objectives for 1985 will probably require an additional 4,000 employees, although productivity improvements may reduce that. The most important influence will be the use of micro processor controls, calling for greater concentration on quality control personnel.

In 1980 the sector working party will help in the industry's fight for a greater share of world export markets.

Heating, Ventilating, Air Conditioning and Refrigeration Equipment SWP, Progress Report, 1980, National Economic Development Office, Millbank Tower, Millbank, London SW1.

Dearer oil 'deepens recession'

BY DAVID MARSH

THE LATEST increases in oil prices will both deepen and prolong the world recession, according to a report on the world outlook by the London Business School. It says Gross National Product in the major industrialised countries is expected to fall 0.75 per cent in 1980 compared with last year.

The report is significantly more gloomy about international prospects latest assessment by the Organisation for Economic Co-operation and Development, which is forecasting essentially flat output for the main countries this year.

The London Business School expects the level of industrial production will fall 1.5 per cent this year in the industrialised countries. The annual rate of consumer price inflation is likely to remain unchanged at about 10 per cent.

The doubling of world oil prices in the past 12 months will hit the world economy less severely than in 1974/75, when prices quadrupled. The real impact of the latest rises is estimated at three-quarters of that of the previous oil crisis.

But—partly because of tighter monetary policies in most countries—activity is likely to recover less quickly than after the last recession. World trade and output will remain depressed in 1981, with no international recovery expected until 1982, the forecast says.

Comparing levels at the end of each year, world GNP is expected to fall by nearly 2 per cent in 1980, with industrial output falling 4 per cent.

The cyclical trough in the world economy should be reached by the end of 1980. But overall GNP is likely to rise only 0.75 per cent in 1981, with industrial production expected to show no growth.

World trade in manufactures is estimated to rise only 1 per cent this year and 0.5 per cent in 1981.

Heseltine urges urban rescue

BY ROBIN PAULEY

THE REGENERATION of derelict land in urban areas presented the greatest opportunity in Britain for creating employment and wealth, Mr. Michael Heseltine, Environment Secretary, said yesterday.

He told an Institute of Municipal Engineers seminar that greater emphasis had to be placed on reclaiming such land, particularly in the inner cities, to attract people and jobs and to stop encroachment on the countryside, which was losing 30,000 acres a year to urban development.

To replace urban degeneration with urban regeneration the Government was proposing important new regulations in the Local Government Planning and Land Bill, which received its second reading in the Commons on Tuesday.

"I want to make it possible for the private sector and nationalised industries to bring forward schemes for reclamation of land in their ownership without having to dispose of it to the local authority.

"It is nonsense that local authorities should have to go through the expensive and time-consuming process of acquiring land in order to reclaim it," Mr. Heseltine said.

Another new proposal was the creation of registers of unused sites to enable the Government to bring pressure on public sector bodies to dispose of vacant land.

The two greatest concentrations of derelict land in Britain were probably the London and Merseyside docklands where new urban development corporations, which will have wide-ranging powers, could exploit the massive opportunities for regeneration.

The bill includes provision for grants towards the cost of surveys and investigation of derelict sites, whether or not an approved scheme or reclamation is eventually carried out. It also provides for grants towards the cost of providing infrastructure to a derelict site.

The new powers would be used within the existing financial allocation of £23.5m this year, a figure which Mr. Heseltine hopes will be at least maintained next year.

Spotlight on public buying

BY MAURICE SAMUELSON

A DETAILED study of examples of public purchasing is to be carried out jointly by the Treasury and the Department of Industry.

News of the joint initiative was given to yesterday's monthly meeting of the National Economic Development Council by Sir Keith Joseph, Industry Secretary. Sir Geoffrey Howe, the Chancellor, presided.

Sir Keith said the Government recognised that the effectiveness of purchasing by different departments varied. For example, the Ministry of Defence had a good record, while that of the Post Office was "improving."

The meeting was attended by leaders of trade unions, employers' organisations and nationalised industries.

According to Mr. Geoffrey Chandler, director-general of the Council, Sir Geoffrey Howe gave a clearer pledge than any of his predecessors to facilitate the Council's making a strong impact on the economy.

On behalf of the Confederation of British Industry, Sir John Methven, its director-general, agreed to a proposal by Mr. Len Murray, TUC general secretary, that both bodies should liaise with their counterparts in Europe in monitoring unfair trade practices.

Trading policy must strike an effective balance, says Nott

BY FRANK GRAY

BRITISH TRADE policy must strike a balance between the need to protect home industry from unfair and disruptive imports and the effective promotion of export trade, on which one third of Britain's manufacturing industry depends, Mr. John Nott, Trade Secretary, said yesterday.

In a submission to the National Economic Development Council Mr. Nott stressed the importance of the Eastern block and developing countries as markets for British exports, pointing out that Britain still enjoyed a trade surplus with these countries. But he added that it was right to give British consumers access to a wide range of imported consumer goods, "provided that they are traded in fair conditions."

He pointed out that more than 95 per cent of UK imports of clothing and textiles from low-cost sources are subject to various forms of restraint, largely under the Multifibre Arrangement (MFA) between the EEC and 27 supplying countries.

The Government had carried many of the measures of constraint further since coming to office. Fourteen new quotas on textile products had been imposed, safeguard action had been taken against imports from Turkey and new agreements on textile trade had been reached with China, Malta, Cyprus and Mauritius.

In addition, the UK was pressing within the EEC for protective action against certain U.S. man-made fibre exports.

Mr. Nott did not speculate on the future of the MFA, which expires at the end of 1981, but noted: "The Government fully acepts the industry's need for continued protection against low-cost imports, and we shall be pressing within the EEC to ensure that effective action is taken."

Restraints now in place extend well beyond textiles, the paper said. On steel, the EEC had negotiated quota arrangements in 1978 and 1979 with significant suppliers, and there were a range of formal and informal restrictions in footwear imports from Taiwan, South Korea and Eastern bloc countries.

Similar arrangements affected imports of consumer electronics from Eastern bloc and Far Eastern countries, and cars were among products covered on Government and industry level agreements to restrain imports from Japan.

On anti-dumping, Mr. Nott said that the European Commission had responded to a request from the British Government to simplify and speed procedures.

Apart from emergency measures relating to the steel industry, there were 16 anti-dumping duties and 27 price undertakings currently in force, affecting 28 products. The EEC had 18 cases under investigation at the moment, many of which were of interest to the UK.

One problem affecting anti-dumping safeguards concerned trade between EEC countries, where there was no concept of dumping in the single community market. The Commission did have power to prevent unfair practices under EEC rules of competition and government aids, but difficulties remained.

Co-op starts search for new chief

BY MICHAEL DIXON

MORE than £50,000 a year and "matching" fringe benefits are being offered by the £1.7bn-turnover Co-operative Wholesale Society for a new chief executive to replace Sir Arthur Sugden when he retires later this year.

The CWS has retained the MSL recruitment consultancy to find suitable candidates for the Manchester-based job and will use "executive search" methods as well as advertising for applications.

The new chief will head an organisation of 30,000 people which claims to be, among other things, the UK's biggest farmer and busiest undertaker. It is the main supplier to 11,000 shops and runs about 120 factories.

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Afghan invasion 'like Berlin crisis'

BY IVOR OWEN

RUSSIA'S INVASION of Afghanistan has created a crisis comparable to that caused by the blockade of Berlin in 1948, Lord Carrington, the Foreign Secretary, declared in the Lords last night.

He warned that Russian probing in South West and South East Asia, and in Africa, was in "deadly earnest" and underlined the need to develop a new concept for stabilising East-West relations.

"That must be a main objective of ourselves and our partners in this dangerous world," he said.

Peers on all sides joined in condemning the Russian aggression against Afghanistan and two former Foreign Secretaries, Lord Home and Lord Stewart, of Fulham, were among those who called on the Government to find more money for rearmament.

Lord Carrington urged Iran to be on guard against Communist subversion from within and stressed that while the military occupation of Afghanistan might have been completed in a matter of days, the political preparation had begun a very long time ago.

"The threat is external but the weakness it feeds upon may be internal," he said.

"Subversion is a slower acting poison than invasion but it can be no less fatal, and it is a speciality of Communist cooking."

The Foreign Secretary highlighted the need to persevere with efforts to find a more effective means of enabling the West to reach a reliable understanding with the Soviet Union.

He suggested that the difficulties over detente stemmed from the fact that the West operated one set of rules while the Russians operated another.

"According to them, it is quite compatible with the idea of detente that they should push their luck wherever the opportunity presents itself, except where the lines between East and West are clearly drawn."

In comparing the crisis created by the Russian invasion of Afghanistan to that which resulted from the blockade of Berlin more than 30 years ago, Lord Carrington called for a similarly determined and resolute response.

He said: "It is in the interests of the countries closely affected as well as the rest of the world that this probing should be contained and that a positive understanding should be built thereafter.

"This is going to be a long process, and it is too early to envisage how it might come out."

While the immediate aim must be to limit, contain and if possible repair the damage which the Soviet invasion had caused it was essential that be kept in view.

The Foreign Secretary also looked for the development of a system of detente free from the illusions of the past and which could provide a firm framework for the management of the difficulties which would inevitably occur in the future.

Lord Carrington

Threats to Rhodesian voters worry MPs

BY PHILIP RAWSTORNE

ALL BALLOT papers in the Rhodesian elections will be returned to Britain to ensure that the secrecy of the vote is preserved.

This was announced in the Commons yesterday by Sir Ian Gilmour, Lord Privy Seal, as MPs voiced concern about the intimidation of voters and the prospect of renewed violence after the elections.

Mr. Peter Shore, Labour's foreign affairs spokesman, urged the Government to reinforce the Commonwealth military observers in the country.

"Another 600-800 could make a substantial difference," he said.

And Mr. David Steel, Liberal leader, asked for assurances that the monitoring force would remain in Rhodesia until the new Government had been installed.

Sir Ian replied that reinforcements would be sought if Lord Soames, the Governor requested them. "But he has not done so."

No date had yet been fixed for the withdrawal of the Commonwealth force, he said.

Sir Ian told MPs that violent incidents continued to cause deep concern.

He deplored the previous day's attacks on the home of Mr. Robert Mugabe and of one of his party officials.

But Sir Ian said that the great majority of incidents investigated by the Ceasefire Commission had been caused by Mr. Mugabe's ZANLA forces, several thousand of whom remained outside the assembly areas.

Action had also been taken to discipline elements of the (internal parties') auxiliaries for breaches of agreements, he said.

Mr. Joshua Nkomo's forces had "co-operated very well" in observing the cease-fire.

"The principal threat to fair elections comes from large-scale intimidation of the rural population," Sir Ian added.

"In certain parts of the country it has been made impossible for even Mr. Nkomo or Bishop Muzorewa to hold meetings.

"People have been told that if they do not vote according to the wishes of a party, the war will continue or they will be killed."

The Governor had taken powers to impose limited penalties on any party or its candidates failing to honour undertakings. "It is vital that people should be able to make up their own minds about their political future without fear of teh consequences," he declared.

An important and positive development had been the introduction of joint patrols by Patriotic Front forces and the police in the vicinity of assembly areas, Sir Ian said.

More had been achieved than many had dared hope, he told MPs. And against that background, the Government regretted the "one-sided and absurdly selective" tone of the UN Security Council's debate on Rhodesia.

"Such polemics can only increase tension and make the settlement more difficult," Sir Ian asserted.

The deputy Foreign Secretary angrily rejected Labour accusations of bias against Lord Soames.

But he agreed with Mr. Shore that any decision to disqualify any political party from the election would be "an act of the utmost gravity."

The use of such powers would be undesirable, Sir Ian said. But it would be far less undesirable than the systematic intimidation going on at the moment.

Mr. Alex Lyon (Lab., York) said the fact that the whole of the UN Security Council took a different view from Britain of events in Rhodesia did create doubts about the Governor's impartiality.

Martial law should be ended, those imprisoned under it released and the auxiliaries confined to their barracks, he said.

Sir Ian retorted that such moves would be impractical. It was "sheer rubbish" to claim that 14 members of the Security Council were united against Britain, he said. Votes in the UN could not always be taken at face value, he said.

● In the Lords, Lord Carrington, Foreign Secretary, said it was ironic that the Government should be lectured by countries in the UN "who would not know a free and fair election if they saw it."

Lord Carrington said he did not accept that Lord Soames and his staff had been biased.

"Those who complain about there not being a free and fair election . . . are complaining about an election they are not certain they are going to win, and that is not the same thing."

He declined to comment on suggestions that Commonwealth observers might declare the elections invalid if terrorism increased during the next three weeks.

BSC applies for European assistance

The Department of Employment has forwarded an application for assistance from the European Social Fund by British Steel Corporation (Industry), Mr. Jim Lester, Employment Under Secretary, told the Commons.

He was replying to a question from Mr. Frank Hooley (Lab, Sheffield Heeley) about reported statements by EEC Commissioner Vredeling that Britain had not yet applied for aid from the Common Market which would be available to asist the BSC.

Mr. Lester said the funds which Mr. Vredeling was reported as mentioning referred principally to existing European Coal and Steel Community assistance.

He said the application by BSC (Industry) was for assistance towards the retraining of unemployed people in areas affected by steel plant closures. It had been submitted under the provisions of the fund designed to asisst regions suffering from structural unemployment.

● NOISE: New noise insulation grant schemes near Heathrow and Gatwick airports will come into operation on April 1, Mr. Norman Tebbit, Parliamentary Trade Secretary, announced yesterday in the Commons.

● PENSIONS: The Government yesterday indicated it might not be able to carry out its manifesto commitment to phase out the earnings rule on old age pensions within the life of this Parliament. Government spokesman, Lord Cullen of Ashborne, told peers that while the Government was morally committed to phasing out the rule he could not say whether the resources would be available.

NEB's smaller role angers Labour

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A FIRM reaffirmation of the Labour Party's belief in public control, ownership and intervention in industry was made in the Commons last night by Mr. John Silkin, the Opposition Industry spokesman.

He was attacking the Government's Industry Bill which radically weakens the powers of the National Enterprise Board. In effect, the amendment moved by Mr. Silkin during the report stage was aimed at destroying the main purpose of the legislation.

It was an attempt to kill off the clause which states that the NEB should no longer have the mandate to extend public ownership and to promote industrial reorganisation and democracy.

The clause which the Opposition was trying to throw out gives a general instruction to the NEB and the Scottish and Welsh development agencies to dispose of assets which they hold.

Mr. Silkin argued that the Government's industrial policy demonstrated the gulf between the philosophies of the two major parties. Over the last nine months the philosophy laid down by Sir Keith Joseph, the Industry Secretary, had shown how it could wreck the country's economy.

"One should recognise that the way forward is only by the public intervening, the public owning, the public controlling," said Mr. Silkin. "We are not ashamed that this is our policy. We believe it to be right."

Mr. Silkin said the misery of mass unemployment was being created by deliberate Government policy. Sir eKith, he said, liked to wear a hair shirt. "But I see no reason why he should force the whole country to do so."

This economic philosophy was being put into effect at a time when manufacturing industry in Britain was in a worse position than ever before. Imports of manufactured goods was overtaking our exports.

Where the Government or the NEB had stepped in it had been to rescue industries which were engaged in exports. The Government would not stimulate full employment if the NEB role was restricted. The taxpayer—the whole community—had a right to participate in profitable transactions as well as casualty clearing transactions.

"We don't believe you can stimulate British industry by disposing of public assets," Mr. Silkin went on. "Equally, one cannot stimulate industry without the ability to assist or promote reorganisation in the private sector."

Government could not leave it to private industry to reorganise itself because sometimes it would do so for reasons totally opposed to the national interest. The purpse should be to engage industry for the national good.

Mr. Silkin complained that the Government was throwing out teh NEB's obligation to promote industrial democracy. He was astonished that Sir Keith should seek to outlaw any mention of industrial democracy in the Bill.

He recalled that Sir Keith had claimed that non-intervention in day-to-day management would lead to a climate in which industry could prosper.

Nuclear power plan avoids 'hasty' acts

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A "step-by-step" approach to the development of nuclear power generation is important for the UK to ensure that there is no need for "hasty decisions or crash programmes," Mr. Glyn England, chairman of the Central Electricity Generating Board, said yesterday.

Mr. England, giving evidence before the newly-formed select committee on energy, was speaking in support of the Government's plan to order 15,000 megawatts of nuclear power station capacity in the decade from 1982. As an initial step in this programme, the board is to place an order for its first U.S.-designed Pressurised Water Reactor (PWR), as opposed to the British-designed Advanced Gas-cooled Reactor (AGR).

Mr. England said the experience gained in the next two years from the PWR order and from the development of a new "standard" AGR station at Heysham would help the board to decide between the two systems.

He said the CEGB was at present keeping its options wide open between the AGR and PWR. Although a study in 1976 had estimated AGR capital costs to be about 15 per cent higher than those for the PWR, it was too early to judge whether this gap would widen or narrow.

The cost of any modifications necessary to make the PWR acceptable in Britain could not be quantified yet.

Asked why the CEGB intended to license a PWR from Westinghouse, the U.S. power group, rather than using any rival systems, such as that developed in West Germany by Kraftwerk Union, Mr. England said that after an extensive study the board had concluded that there was little to choose on technical grounds between the various vendors.

Reasons tipping the balance in favour of Westinghouse included its experience in the transfer of technology and its wealth of technical back-up.

Study of fiscal policies

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT'S monetary and fiscal policies are to be examined by the new Commons select committee covering the Treasury and the Civil Service, Mr. Edward Du Cann, chairman of the committee, said yesterday.

Mr. Du Cann said the committee would be making an early examination of the "adequacy and implications" of the Government's economic policies.

The committee will examine particularly the forthcoming white paper on public expenditure and the Budget. Mr. Du Cann said he thought the committee would be in very frequent session once the two papers had been published.

The committee will also, though, press the Treasury before the publication of both the white paper and before Budget day for much more detailed information on expenditure.

The committee has also set up a sub-committee, chaired by Mr. Robert Sheldon (Lab., Ashton-under-Lyne), which will look at taxation, the Civil Service and other matters of public expenditure.

Mr. Sheldon said that the sub-committee would examine the relationship between the Treasury and the Civil Service Department, and between the CSD and other Whitehall departments.

Alan Forrest reports on the Broadcasting Bill

'Commercial BBC2' style for fourth channel

THE GOVERNMENT sees the fourth television channel as a "commercial BBC2," it became clear yesterday when the text of the Broadcasting Bill was published. But it will not be known as ITV2.

Mr. William Whitelaw, Home Secretary, said the new channel should be different in character from the first ITV channel. It should give greater scope for minority interests and for producing companies outside the national networks. It should bear the same relation to ITV1 "as BBC2 does to BBC1."

The target year for Channel Four to start operation is 1982. The Government hopes to get the Bill through Parliament by July.

The Bill extends the life of the IBA to 15 years, until December 31, 1996 — the period recommended by the Annan Committee.

The Bill says a substantial proportion of programmes on the new channel must be provided by other than ITV contractors. Provision is made for the Independent Broadcasting Authority to set up a subsidiary to provide and vet Channel Four programmes.

It will be responsible for obtaining and assembling material, employing staff and entering into contracts.

Apart from programme standards, the IBA must ensure that the channel contains "programmes appealing to tastes and interests not generally catered for by the present ITV channel." Some must be educational and generally the new network must have a distinctive character of its own.

Finance

In Wales, a substantial proportion of programmes must be in Welsh—20 hours a week is the preliminary target—and in the rest of Britain the fourth channel will, at least initially, be a national service, the Bill says.

It also lays down that the IBA shall include in its annual report information about the way Channel Four has differed from the present ITV service.

Finance for engineering, transmitting and supervising the channel, and to enable the IBA's subsidiary to buy programmes, will come from the ITV companies who, in return, will have the right to sell advertising time.

The Bill also sets up a single Independent Broadcasting Complaints Commission to deal with complaints either against the BBC or ITV of unfair and unjust treatment in broadcast programmes and of infringement of privacy.

The commission, recommended by the Annan Commission, will replace the BBC Complaints Commission and the IBA Complaints Review Board which are separate bodies.

The three or more members of the commission will be appointed by the Home Secretary. It will have a small staff and cost about £150,000 a year—to be met initially by the Home Secretary but later to be reimbursed in full by contributions through the IBA by ITV and local radio contractors. The BBC will contribute separtely.

Another section of the Bill concerns local radio. It points out that there are 19 independent stations at present. Contracts for a further nine stations in locations approved by Mr. Merlyn Rees, when he was Home Secretary in the Labour Government have been signed but the stations are not yet in operation. Mr. Whitelaw approved an additional 14 local radio stations last November.

Levy

New provisions for local radio provide for rental payments to be made to the IBA by local radio contractors against the authority's costs in supervising and expanding the system and introduce a levy on their profits payable to the Exchequer.

The rate of the levy is set at 40 per cent, but there is provision for this (like the 66.7 per cent levy on ITV contractors' profits) to be varied by order.

The Bill makes provision for the IBA to make grants to local radio contractors. This will enable the authority to assist the expansion of independent local radio, particularly in the less populous areas, or to improve the quality of the service.

Richard Evans, Lobby Editor, writes: The Labour Party will vote against the second reading of the Broadcasting Bill because of opposition to the proposed organisation of the fourth channel.

Mr. Merlyn Rees, shadow Home Secretary, and his colleagues, believe that the Government's proposals for putting the new channel under the general supervision of the IBA and run by a subsidiary, is wrong. They would prefer a separate organisation to be set up.

If the Government's proposals are accepted by Parliament as seems certain, the Opposition will press for the membership of the subsidiary to be more independent of the IBA and the commercial television companies.

Editorial comment, Page 20

UK NEWS — LABOUR

Robinson sacking contravened BL code, union finds

BY ALAN PIKE, LABOUR CORRESPONDENT

A MEETING in March last year at which Mr. Derek Robinson, the BL Longbridge convener, was severely criticised by the management did not constitute a disciplinary hearing, the Amalagamated Union of Engineering Workers executive inquiry intn Mr. Robinson's dismissal decided yesterday.

As a result, says the committee of inquiry, Mr. Robinson should not have been dismissed in November on the grounds that he bad received a previous warning about his conduct in March. On this basis, the committee recommends that the AUEW should pursue his reinstatement.

Mr. Robinson was dismissed after he signed a booklet attacking the BL recovery plan, which was accepted in a workforce ballot.

The report says that the March incident arose from a dispute over the company's failure to implement nationally agreed minimum time rates. The trade union side of the Leyland Cars joint negotiating committee held a meeting on February 5 and recommended that senior shop stewards should consult their members on giving five days strike notice throughout BL Cars.

Mr. Robinson reported back to the Longbridge shop stewards and they voted in favour of strike action from February 7. The management considered the position so serious that they asked Mr. Robinson and Mr. Jack Adams, Transport and General Workers' Union convener at Longbridge, to meet senior executives.

The management was unsuccessful in its attempts to have the decision changed and the strike started on February 7, before the five days' notice had elapsed. It lasted until February 15.

On March 12, Mr. Robinson and Mr. Adams were again asked to meet management representatives. It is this meeting which, says BL management, constituted the previous warning to Mr. Robinson.

Heated

The report says that there are opposing views about whether or not it was a disciplinary hearing. "We take the view that management had D. Robinson and J. Adams in on March 12, 1979, to complain about the dispute, to complain about the part they played in bringing it abont, to criticise D. Robinson severely for his part in it and to lay down the law generally that procedure must be adhered to in future and to get an assurance to this effect.

"They did this with the intention that this would be reported back to the works committee and through that committee to the general body of the shop stewards. There is no doubt in our minds that the meeting became very heated at times; D. Robinson has a dominating and forceful attitude about him and Mr. J. Gilroy (Austin-Morris manufacturing director) also strikes us as being a determined and dominating character."

But, says the report, if the management intended the meeting to be a disciplinary bearing that had "flown in the face of all reality." Mr. Robinson bad been an employee for 38 years; he was AUEW convener, chairman of the Longbridge joint shop stewards' committee, chairman of the confederation works committee, a member of the joint negotiating committee and alternating chairman of the Leyland Cars Council.

Unreal

"Given all that, it is absolutely unreal to us that management would bave been anything less than precise and meticulous in their approach to imposing some form of discipline on him, and here we must note the meticulous and thorough way they carried out the disciplinary action on November 19, 1979 (when Mr. Robinson was dismissed).

"We do not believe, therefore, that it was a disciplinary hearing. However, assuming that it was, even in some informal sense, regarded by management as a disciplinary bearing we would consider it extremely unfair. They have not acted even in the loosest way within the spirit of their own Code of Discipline.

"They did not advise D. Robinson that he was to be disciplined, thus denying him the right to bave his full-time officer present and further denying him the right of any appeal. They did not record the warning in writing to him nor did they advise his full-time officer."

While recommending that the union pursue Mr. Robinson's claim for reinstatement, the report is also critical of his performance as AUEW convener at Longbridge. He should, says the report, have made it perfectly clear to shop stewards and the Longbridge workforce that they should have abided by the decision to give five days' strike notice in February rather than taking premature action.

On the later incident, which led to his dismissal, the report says that Mr. Robinson bad no right to put his name to the booklet attacking the BL recovery plan without prior approval of his district committee and the executive. Similarly, be had no right to call for disruptive action without approval and "be certainly has no right whatsoever to call for disruptive action in other districts.

MPs bid to control Civil Service pay

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT and the Civil Service unions were asked yesterday to consider changing the pay settlement date for 600,000 white-callar civil servants to give Parliament greater control over the level of Civil Service pay increases.

Though any change in the settlement date, and more particularly in the process of comparing Civil Service jobs with those outside which leads up to it, will not take place before this year's date of April 1, the proposal seems certain to anger militant Civil Service trade unionists.

The first report of the new Commons select committee on the Treasury and the Civil Service accepted the Government's proposal for this year's Civil Service pay increase to provide a global cash limits figure rather than a series of departmental amouols.

The proposal also involves not setting the cash limit until the final results of the Pay Research Unit's compar ability exerciseare known later this month.

The view that this is to some extent a conciliatory attempt by the Government to avoid a repeat of last year's damaging industrial action by Civil Service uninns was cnnfirmed yesterday by a committee member, Mr. Michael English, Labour MP for Nottingham West.

"The process suggested enables the Government to retreat from any crunch over pay if it wishes," he said.

The report, though, stated that the Goveroment's decision was not adequate for the future. Full information shuold be published at the time the global estimate is submitted, probably next month, giving the assumptions on paya nd staff levels on which it has been calculated.

The committee also called for more openness in pay negoliations for the Service, including the publication of more detailed reports of the Pay Research Unit's comparisons, and statements about the progress of each stage of negotiations.

Mr. English particularly criticised Sir Jobu Herbecq, second permanent secretary at the Civil Service Department, for his insistence on the secrecy of the negotiations.

Union officials reacted sharply to the suggestions that pay negotiations should be made more open, though the committee has consulted some privately and won their agreement. The staff side of the Whitley Council is to give evidence to the committee later this month.

The committee said that the Government's proposal raised a major principle of financial accountability. It gave the Treasury and the Civil Service Department too much scope for adjusting the cash limits once the size of the pay increase had been determined.

It would now open discussion with all the parties involved on altering the pay date and the timetable of the Parliamentary estimates in order to avoid that difficulty.

Union leaders yesterday pressed Mr. Paul Channon, Civil Service Minister, on how the Government intended to reconcile its principle of cash limits with the findiogs of the Pay Research Unit's reports, which are showing increases for the lower clerical grades of 18-20 per cent.

Mr. Channon said he would report the unions' warnings about likely difficulties in pay negotiations this year to the Cabinet, but he added that no decision had been taken about the implementation of pay research or the overall global figure for the pay settlement.

The Civil Service unions are today expected to approve radical alterations to the Whitley Council staff side which are likely to create further deep divisions between the unions.

Strike call defied at Sheerness

By Gareth Griffiths, Labour Staff

DAY SHIFT workers at Sheerness Steel Kent, voted overwhelmingly yesterday not to join the private sector sympathy strike called for by their union.

Local Iron and Steel Trades' Confederation officials had earlier heen told that unless the Sheerness members came out they could not count on help from the union in any future dispute with their employers.

Sheerness Steel managers and union officials at the plant were hoth keeping a low profile yesterday. Both sides refused to comment on the strike call and a later shift was meeting last night to decide its attitude to the strike. About 12 pickets from Scunthorpe and Sheffield have been picketing the plant for the past week with mixed effects.

Mr. Les Bamhury, ISTC's London organiser, warned last night that there would he a mass picket today if the 500 Sheerness workers did not join the strike. He said members who defied the strike call could lose possibly their union card.

A group of about 20 wives staged a protest yesterday in support of their hushands remaining at work and urged the pickets from Scunthorpe and Sheffield to go home. Union officials said the counter pickets was a "publicity stunt."

Thatcher urged to retain job scheme

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE NATIONAL Union of Hosiery and Knitwear Workers is urging the Government to retain the temporary short-time working scheme due to run out after March 31.

The appeal, in a letter to the Prime Minister, follows similar calls from the Lancashire-based cotton and Yorkshire woollen industries and points to a loss of more than 2,500 jobs in knitwear in the second half of 1979. A further 1,000 redundancies are planned by two companies this year.

Mr. Harold Gibson, general president of the union, in his letter to Mrs. Thatcher, says the scheme has been valuable in enabling the clothing and textile industry to maintain its labour force during the present recessioo.

"Unless we maintain the labour force we will find ourselves in extreme difficulty in meeting production requirements when an upturn in the economy comes. This would have a disastrous effect, encouraging imports at a high cost in foreig ncurrency and exacerbating the current employment position."

A similar case for the Yorkshire wool textile industry has been made by a joint action committee representing employers, unions and local authorities. Some 7,000 jobs in wool textiles were lost last year as a result of weak demand and increased import penetration. According to the National Union of Dyers and Bleachers, a further 7,000 are helieved to be covered by the short-time working scheme.

Mr. Bill Maddocks, general secretary of the NUDB, said yesterday the Government must support Britain's basic industries such as wool textiles, which was suffering from widespread unfair competition. Job losses in the industry were at least as great as in the steel industry at Shotton, but because they were spread throughout the West Yorkshire conurbation considerably less attention had been paid to them.

The Lancashire case for an extension of the scheme has heen put to Mr. James Prior, Employment Secretary, and to Mr. Cecil Parkinson and Lord Trenchard at the Trade and Industry Departments. Both bave recently visited mills in the area.

Mr. Bob Lloyd-Jones, director-general of the British Textile Employers' Association, warned yesterday that roughly 15,000 jobs in Lancashire could be threatened by withdrawal of the scheme and the association claims losses on this scale would deprive the industry of qualified employees needed to cater for any upturn in demand. A year's extension to the scheme is heing requested.

Union may fight ruling on political funds

BY OUR LABOUR STAFF

MR. CLIVE JENKINS, general secretary of the Association of Scientific, Technical and Managerial Staffs, will recommend to his union's executive on Saturday that it appeals against the High Court ruling earlier this week on tha use of political funds.

Mr. Jenkins said yesterday the court decision might result in a change of union rules to prevent the donation of political fund money to the Conservative Party.

There appears to be some doubt if any rule change could bave this effect within the terms of tha Trade Union Act, 1913.

In a case brought by Mr. Loudon Parkin, an ASTMS member, Mr. Justice Woolf ruled that, although the union is affiliated to the Labonr Party, this did not prevent a union branch from making payments from the union's political fund to other parties.

But the court refused an application by Mr. Parkin, a member of the Harrow branch, for an order that the union make a payment to the branch to he donated to the Conservative Party.

Tha refusal was made on the grounds that the application was for an improper pnrpose as not being within the political objects defined in the Trade Union Act.

Under union rules, branch members paying a 10p a month political levy can claim back one-third for the branch's own use.

The union had refused to pay the money to the hranch, which bad resolved to give it to the Conservative Party.

Race bias claimant wins right to inspect files

FILES ON 78 job-applicants in the Civil Service must be opened for inspection by an unsuccessful candidate who is alleging race discrimination against the Civil Service Commission, a judge directed yesterday.

Mr. Kukuledge Perera, 39, told the Employment Appeal Tribunal that he needed to see information about his rivals for a Civil Servic epost to help him present his case.

Mr. Justice Slynn, the tribunal president, said Mr. Perera, of Montrose Avenue, Edgware, Middlesex, could see information on the education and professional qualifications of the 78 candidates selected for final interview by a Civil Service board in 1977, but their names or anything from which they could be identified should be blanked out.

The court also directed that Mr. Perera, a qualified barrister who came to Britain from Sri Lanka, should be able to see the place of birth and nationality of fina linterveiw candidates.

Mr. Perera, a Customs and Excise executive officer, was turned down at first selection stage with more than 240 other applicants when he sought a Government legal assistant's post.

The tribunal agreed with an industrial tribunal chairman that an original request by Mr. Perera for disclosure of documents relatin gto some 1,600 applicants for the post during three years was "oppressive."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Eases the task of designing

STRUCTURAL analysis software which allows any civil engineering project to be described in plain language has been written by the Belgian Institute of Management, under the name of STRAT.

This term covers a pre- and post-processor suite which works interactively with an appropriate computer so that an engineer with relatively little data processing experience can immediately generate the topology of a structure, with its precise geometrical definition, in a most concise manner, modifying it as the design procedure progresses.

This structure can be added or connected to existing sub-structures and the whola shown on a display so that the progress of the work can be monitored at any time.

Finite element analysis forms part of the STRAT facilities and it is complementary to such routines as NASTRAN, STRUDL, etc. Developers claim, however, that it provides much more effective calculation of the characteristics of the models it can be used to establish.

A corollary is that the package facilitates tbe work of the quantity surveyor and simplifies the search for a maximum economy solution for any atructure.

Belgian Institute of Management, Avenue Louise 150, 1050 Brussels, Belgium.

● INSTRUMENTS

Testing the lines

A NUMBER of portable data communications tests sets have been put on the markat by Nolton Communications, Fieldings Road, Cheshunt, Herts. EN8 9TL (Waltham Cross 33555).

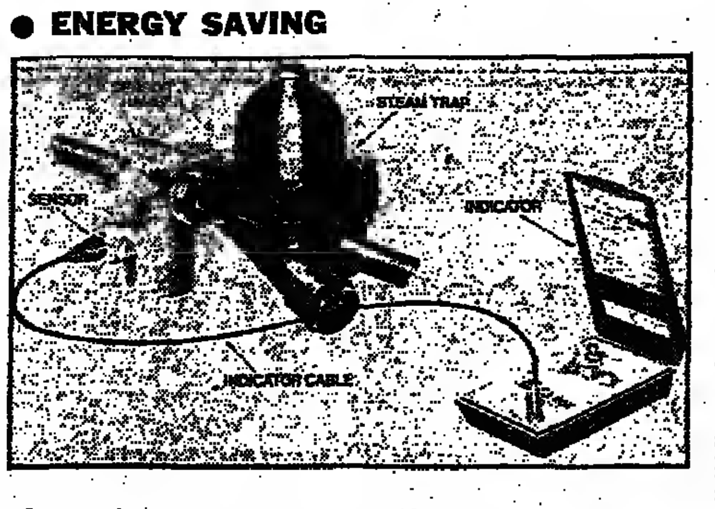
Among the intended applications are on-site or production line checking of data modems and transmission lines by either technical or non-technical staff. The units are fully compatible with V24/RS232C protocol.

Top of the range model is the DTS-102 which can analyse the performance of modems, diagnose equipment failures, measure turnround time etc. on both synchronous and asynchronous systems. There are aeven selectable test patterns which can be generated at data rates up to 19,200 bits/sec.

By inserting controlled errors the instrument can quickly confirm the accuracy of complete networks or equipment. There is also a time division multiplex option and a voice frequency monitor.

The company has also introduced Datatest 25, a pocket sized unit in three versions.

● ENERGY SAVING



Shows escape of steam

ACCORDING TO Spirax Sarco of Cheltenham, a single continuously leaking half-inch steam trap, of any make or type, can waste energy to the tune of £1,000 per annum.

Tha company claims that until now there has been no really reliable method of knowing if a trap is passing steam, which has prompted it to offer the Spiratec unit, a small enclosure with a weir, transducer and cable coupling to a hand-held indicator box. The enclosure is inserted in the line on the inlet side of the trap.

Normally, the levels on each side of the weir are the same and the transducer probe on the inlet side remains covered. But if the trap is passing steam, the volume of it on the inlet side pushes water down until the probe is exposed, causing an indicator lamp in the hand-held unit to change from green to red.

Checking of, say, 100 traps takes only as long as plugging and unplugging into the various sensor enclosures.

More from the company at Charlton House, Cheltanbam, Glos. GL 53 8ER (0242 21361).

● PACKAGING

Better than gumming

DOUBLE-SIDED or adhesive transfer tape can be applied to selected areas of paper, card or plastics using an application machine from 3M known as tha T-645 Strip 'n Spot.

Applications range from packaging to self-sealing forms of the kind used in hospitals and insurance companies. It is also claimed to be ideal for making ready-to-mount posters and for applying closure tabs on small cartons.

The company claims that for the first time, tape systems can he used directly on a competitive basis against ordinary gluing or gumming — and without finishers having to apply additional charges.

Electrically and pneumatically operated, the machine can employ up to six heads for taping (there are two with the basic unit) and each can apply strips or spots of tape up to an inch wide.

Tape is applied at np to 70 ft/min allowing production rates of up to 2,000 pieces per hour to be achieved. Controls are simple and the tape can be quickly changed.

More from 3M United Kingdom, P.O. Box 1, Bracknell, Berks. RG12 1JU (0344 58499).

Reduces the shock

DELICATE OR fragila components, objets d'art or even robust equipment, can all be securely packaged in a form-moulding "cushion" by the use of a system called Fixopack from a subsidiary of a West German Chemical group (BASF) in the UK, Elastrogran, Unit 69, Faircharm Industrial Estate, Evelyn Drive, Leicester (0533 823225).

Required amount of the two-component material is dispensed from a self-cleaning gun into the carton where the foam forms a tight fit around the article, cushioning it against the effects of vibration and shock during transport.

Elasticity, compression hardness, structure and density are adjustable by varying the components, and can be individually balanced to suit the delicacy, shape, size and weight of the products to be packed.

● IN THE OFFICE

Easier for the typist

A KIND of half-way stage between the electric typewriter and full-scale word processing is marked by the launch of IBM models 50 and 60 at £1,250.

These are electronic machines that look like the familiar electric typewriter but are able to think and remember to provide a high level of convenience and efficiency to the typist.

The ordinary electric typewriter having diffused down the secretarial hierarchy within most companies, IBM now believes models 50/60 will initially be used by senior secretaries and will also eventually become the norm for all.

Heart of these machines are integrated circuit chips which can remember a typed line (models 50 and 60) or a piece of text up to 736 characters long (model 60) for insertion wherever desired in future work. The 736 characters can be stored as 10 separate phrases selectable at will. The machines can also do simple calculations that the typist would otherwise have to perform when working out copy centring, column spacing in tabulated work and similar problems.

For example, in tabulated copy It is only necessary to find the longest word or number in each column, type them in the "no print" mode and the machine will then space the columns evenly. Several aets of such tabs can be stored and recalled.

Of great valne is the automatic correction facility. A character, several characters or a completa line can be erased: the carriage automatically goes back (using the line memory) and re-types the characters using a sticky ribbon which pulls the original characters off the paper.

Model 60 has automatic carriage return. Once a measure for the work has been set the typist works continuously, the machine returning the carriage as necessary; she does not have to pause at line ends because a buffer memory holds 15 characters and allows the machine to start the new line as required.

For very high quality work the model 50 offers proportional spacing, the text having tha appearance of a printed book page.

Other facilities include automatic indenting and underlining, choice of 10 or 12 pitch, interchangeable type faces (18 altogether) and pull-out instruction cards at the base of the machine.

Optionally, both machines can be switched to support a second language with a change of golf ball head.

Dimensions are 165 x 600 x 447 mm, the weight 22.7 kg.

Apart from moving to the machines with a magnetic tape loop which offer more storage, the 50/60 is the most sophisticated electronic typewriter the company now offers. Beyond that the choice is of the various word processing systems with magnetic cards and/or disc storage.

More from Office Prodncts Division, 28 The Quadrant, Richmond, Surrey.

GEOFFREY CHARLISH

New printing calculators

THREE NEW printing calculators for general office, retail and accounting use include one model that operates either off mains or by four 1½V dry batteries—useful feature for the travelling accountant, sales executive or adminstrator. JE-1801 has selection of 0, 2 or 3 decimal places; an automatic item counter; two-way rounding; a 6-key input buffer store and 2-key rollover; and a double zero key.

JE-2820 bas 12-digit capacity; selection of 0, 2 3 or 4 decimal places; an automatic double item counter; 3-way rounding; and 8-key input buffer and 2-key rollover. The largest machine (2804) bas, additionally, donble or treble zero key, np to 6 decimal places, two-colour printing, register exchange key and antomatic comma insertion.

Design points shared are dual hard copy/display; addressable memory; percent key; non-add and sub-total functions; and automatic constant.

All these Panasonic machines take standard width paper rolls, and are available from office equipment dealers.

Teletronics, 9, Connaught Street, London W2 2AY. Tel: 01-262 3121.

● HEATING

Burns logs efficiently

CONVECT-O-HEATER is a fan-assisted energy-recovery unit built up from hollow tubing which forms the grate bars and arches over the back of a fireplace so that tha flames from the logs or other fuel play aronnd it.

Cold air from tbe room is drawn in by a small electric fan and fed through the tubing to a manifold or distributor box abova the fire. At the air exit point, the temperature is at least six times ambient, the designers say.

Attractive in the design is its simplicity and the low running cost for the fan of 0.08 penca per hour, since the fan motor takes only 25 watts. Installation presents no problem and no tools are needed.

It can be adjusted to fit almost any fireplace and is being built in widths of 16, 18, 24 and 32 inches.

For the time being only small models to burn logs are available, but solid fuel appliances are in the pipeline. Tha unit recovers much of the beat otherwise lost by the chimney.

Petit Roque, 5a New Road, Croxley Green, Rickmansworth, Herts. 87 77842.

● PRINTING

£1m litho plate plant

A NEW production line costing over £1m has been opened by SD Graphics (a BICC company) at its plant in Sutton, Lancashire.

Need for the plant has arisen, states the company, because of a growing requirement for aluminium litho plates in the newspaper and commercial printing industries.

Products to be made will be the company's Wipe-on, Lithjet PA positive and Lithjet NA negative plates.

The new line covers the complete manufacturing process: two tonne coils of aluminium are fed in at one end and packs of finished plates ready to be sent direct to customers are prodnced at the other.

Largely automatic, the processes in the line include brush graining, anodisation, application of light-sensitive coatings, washing and cutting to size in a programmable guillotine. The web of aluminium, about a yard wide, moves at 20 ft/min and at the output end about 2,000 plates per hour can be cut to an accuracy of about 0.02 inch.

More from SD Graphics, 121, Westminster Bridge Road, London SE1 7HR (01-928 7711).

● OIL WELLS

Record of operations

DESIGNED TO withstand the adverse conditions on drilling rigs and production platforms is a well log copier from Exploration Reprographics, 18-18a Regent Quay, Aberdeen AB1 2AH (0224 572537).

Tbe instrument is used for copying oil well logs containing graphs of electronic readings which provide geologists, both offshore and onshore, witb details of well operation on long 10 in wide chartstrips. Tbe log is copied on to prefolded diazo light sensitive paper at speeds continuously variable from one to 30 ft/min.

The well logger can be used in arctic or desert conditions: switchable booster heaters are provided to supplement the ammonia developer supply pre-heater in temperatures below 65 deg F (18 deg C). A heavy duty welded frame, and the provision of shock absorber mountings, enable the well logger to be operated under vibration and sbock conditions.

The device measures 19 in wide x 13.75 in deep x 12.5 in high and weighs only 83 lb.

Building up the business

AFTER A disappointing 18-month period in which machines were being sold in the UK on a piecemeal basis by four vendors, Alpha MicroSystems of California in June last year gave the sole European rights to a new company, Alpha Micro-Systems (UK) which will distribute through a network of its own now in the process of being built up. There are already 10 dealers in the UK.

Worldwide, some 3,000 Alpha machines have been sold and by the end of 1979 a total of 107 systems worth £1.5m had been shipped to customers in the UK and the rest of Europe.

At the same time the company has announced a high performance 16-bit machine called AM-1011 which is designed to complement the existing range of 10 and 20 megabyte business systems.

This uses a dual floppy drive to give 2.4 megabytes of bulk store and provides an economical new entry point for customers at a price under £10,000. Main memory is expandable from 64k up to 448k bytes.

In addition to the 16 bit processor (based on a chip from Western Digital), the machine provides floating point hardware and real time clock together with eight levels of direct memory address and multi-level vectored interrupt lines.

Like the bigger Alpba systems, time sharing, multi-tasking and multi-user operations are supported by the operating system software and languages include special versions of Basic, Lisp, and Pascal. There is a full word processing package.

The company also has a scheme in hand hy which software application developed within the dealer network can be inter-licensed to the benefit of all the customers.

More from 13, Brunswick Place, London N1 6ED (01-250 1616).

THE MARKETING SCENE

MANAGING THE '80s

Bold pulpiteers and costly clairvoyance

BY WINSTON FLETCHER

"THE FUTURE is the most expensive luxury in the world," quipped Thornton Wilder. Having each contributed £230 to attend Campaign magazine's non-resident clairvoyant conference on How We Will Manage The 80s last week, most of the 300 delegates would unhesitatingly concur.

In these hyper-uncertain times only exceptionally brave—not to say foolhardy—soothsayers dare to decipher the murky images in their crystal balls. The wiser seers at the pow-wow did not take the risk. Instead they promulgated their personal perspectives of the current marketing and advertising scene and allowed the audience to draw its own conclusions.

Some of the pulpiteers, however, boldly rushed in: only to see their prophecies cruelly demolished. In this respect the unhappiest session—which had clearly been intended to be one of the most controversial—was Peter Kraushar's day-two opener, Manufacturer's views of Advertising and Agencies now and in the 80s.

Mr. Kraushar, chairman of Kraushar Andrews and Eassie and an experienced researcher and specialist in new product development, had been briefed by the conference organisers to carry out a postal survey on the subject of his talk. The budget for the project would seem to have been pennypinching since the sample was small and wholly unrepresentative of some 75 per cent of the advertising market.

Moreover, Mr. Kraushar did himself, and therefore his audience, a disservice by summarising the results so compactly that the conclusions dissolved into vapid generalisations. Fortunately the full tabulations, distributed after Mr. Kraushar had stood down from the platform, analyse the data in revealing detail. It is more than a little surprising, for example, to discover that 76 per cent of consumer goods advertisers with media budgets exceeding £500,000 a year apparently require no advertising agency involvement in the financial assessment of their marketing plans; 80 per cent of them call for no agency involvement in their pricing policies; and 38 per cent do not even want the agency to get involved in their consumer promotions.

There is a great deal more in the written report that was not directly disclosed to the audience, which reacted by savaging Mr. Kraushar's presentation in an unkindly fashion. David Lee, D'Arcy-MacManus and Masius's caustic chairman, described the research as a useless waste of time, and when conference compere Richard Baker called for a show of hands, only six of the 200 or so panjandrums present voted the survey in any way useful or worthwhile.

Another speaker intrepidly willing to put his head on the block was Robin Wight, founder partner of London's scalding new hotshop, Wight Collins Rutherford Scott. Taking as his theme Another Ten Years of Mediocrity? Mr. Wight unashamedly treated the audience to a new business pitch for WCRS—a strategy which may have misfired slightly: although some 47 per cent of the registered delegates were clients, my own estimate is that nigh on 90 per cent of those in the auditorium during Mr. Wight's harangue were, like me, his competitors.

His argument, which he illustrated with confidential IPA figures, claims that advertising agencies generally spend too high a percentage of their salary bill on account management people, too small a percentage on creative people. For clients this is, he aphorised, analogous to enjoying wonderful service at the Ritz but being served only baked beans on toast.

In the traditional agency, Mr. Wight claims, a bevy of client contact people surround and emasculate the "idea generators," nee the creative people, like Mr. Wight himself. On the other hand, at WCRS, the agency of the future, the idea generators themselves meet clients and, doubtless, cheerfully surround and emasculate the client contact executives. (Three of the four WCRS partners are creative people.)

While this back-to-front agency structure is by no means as radical as Mr. Wight appears to believe—it was enthusiastically espoused in the 1960s by the Lippa, Newton advertising agency, now defunct—the success of WCRS suggests the approach has struck a resonant chord with many advertisers. Unhappily, it struck less of a resonant chord with the conference delegates, many of whom joined the irrepressible David Lee, once again, in taking strong exception to the narrow and belittling view of client contact executives which Mr. Wight's thesis embodies.

To be fair, Mr. Lee's own offering, a meaty conference opener entitled Agencies in the 80s, had previously won notably less than reverential awe from Robin Wight. Despite his title, Mr. Lee cautiously avoided making outrageously daring prognostications.

Nevertheless, though his futurology was unadventurous, Mr. Lee made some powerful points about the current state of the industry: there is too much cheap, inadequate research being carried out, his feelings about which, as we have seen, he later made painfully clear to Mr. Kraushar; there is too little profound marketing (as opposed to skittishly creative) effort and analysis being undertaken, above all, *there is a lack of realistic pricing* by manufacturers who are thus naively and unwittingly committing commercial hari-kari.

Mr. Wight's reaction to all this was to castigate Mr. Lee's agency for being elephantine and, rather more relevantly, to argue that many of today's problems had been brought upon the advertising industry by its own historic inadequacies. Looking backwards in self-recrimination was not, however, the supposed theme of the proceedings.

Nor, indeed, was looking backwards in self-congratulation. Nonetheless the organisers had invited Peter Marsh (ebullient chairman of Allen, Brady and Marsh) and Martin Boase (imperturbably urbane chairman of Boase, Massimi, Pollitt) to indulge themselves in an orgy of nostalgic vainglory.

It was their joint task to educate those present on What makes a successful agency. However, if there were any eager young agency aspirants in the audience—and doubtless due to the weighty conference fee there were not many such—hoping to discover the Holy Grail of agency success, they were in for a sad disappointment.

It was jolly, knockabout stuff. The session on Channel 4, was knockabout too, but hardly jolly. The Secretary of State for Home Affairs, Mr. William Whitelaw, knocked the audience about unrelentingly, immutably deaf to their virtually unanimous disapproval of the Government's avowedly preferred structure for the new channel.

Indeed, this was the single session in which the delegates realistically came face-to-face with the future; and in response to the conference question, "How will we manage the 80s?" Mr. Whitelaw provided the answer: powerlessly. Despite its vaunted faith in free competition, despite its emblazoned belief in non-intervention, when the *french frieds are down*, it seems that this Government, like all governments, is unchallengeably convinced that it knows best what the public wants.

Which in the matter of television broadcasting means no more competition, "no ratings war," as Mr. Whitelaw hectoringly declaimed again and again to the audience. Well, if that's the way it is going to be, it is not clear that anybody at all wants, still less needs, the extra channel. There was never any evidence that the public wants it; now that it is to be commercial the so-called independent producers do not much care for it; and in its present form the advertisers are vociferously against it.

The way it now looks, the fourth channel will not merely be, like so many futurological conferences, an expensive luxury: it will be sheer profligacy.

Winston Fletcher is managing director of Fletcher Shelton Delaney.

Renault hoists budget to £4m

FORECASTING its "toughest sales year yet," Renault UK is hoisting its advertising budget to a record £4m with new campaigns for the Renault 5, 14, 18 and 20 ranges from its new agency, McCormick Intermarco-Farner, writes Michael Thompson-Noel.

Renault was the second most successful importer last year, selling 96,000 cars—a figure it hopes to raise to 125,000 in 1980. However, forecasts for total UK new car registrations envisage a fall from last year's record of more than 1.7m to between 1.4m and 1.5m.

The £1.6m Renault 18 "Seductress" campaign has already made its bow. A further £700,000 will be spent on the Renault 14 range in posters and national Press. It is being advertised as the Renault Space Car.

According to Renault's UK manager of advertising and sales promotion: "Renault is entering its toughest sales year yet with the heaviest, most complete national and local advertising programme we have ever mounted."

● THE ADVERTISING Association has written to Mr. John Nott, the Secretary of State for Trade, saying it is against further restrictions on tobacco advertising, thought to be worth around £35m a year. The Department of Health and Social Security is at present discussing with the tobacco companies proposals for a new agreement covering tobacco advertising and promotion in Britain. One option is to press for a progressive reduction in the amount of advertising.

Mr. Angus Ross, the AA's chairman, says he hopes a decision is taken on the basis of factual evidence, not ill-informed opinion, however sincerely held. "We believe that restrictions upon a manufacturer of a legal product to issue information about that product is both unwarranted and contrary to this Government's stated commitment to freedom of commercial competition and consumer choice," he said.

● PAN BOOKS has made its first-ever agency appointment. Dorland Advertising is to handle a 1980 campaign reportedly worth almost £1m.

● GREY ADVERTISING has won the £1m European launch of a new range of Pioneer hi-fi products, to add to Pioneer's £600,000 UK account. It had to pitch against other Pioneer agencies from Germany, France and Belgium, as well as Lonsdales of Britain, which formerly handled the Japanese manufacturer's European advertising.

AGENCY TRACK RECORD

Stability no illusion

BY MICHAEL THOMPSON-NOEL

THE RELATIVE stability of the advertising agency scene is one of its more surprising, and endearing, characteristics. Despite all the potential for change produced by the 1970s—*the traumatic recession* of 1974, the move to sterner legislative controls, the mushrooming of EEC directives, the emergence of trade unionism as a force to be reckoned with, and the abandonment of recognition agreements—the advertising business finished the decade in very much the same shape that it entered it.

As David Wheeler, director of the Institute of Practitioners in Advertising, observes in the current issue of Admap, this stability and consistency shows up most noticeably in the annual billings lists compiled by Campaign magazine.

Eight of the top 10 agencies in 1979 were happily established in the top 10 list in 1970. Their names and rank order may have changed, but that is all. (The two newcomers, needless to say, were Saatchi and Saatchi Garland-Compton, which is now top of the list, and Allen Brady and Marsh, which is tenth).

But there have been *some* changes. For a start, there are many more agencies now than there were in 1969: 837, according to the IPA's agency's census, against 636. Many of them are tiny, a fact indicated by the knowledge that of the total of 837, only 310 are IPA members. The turnover of *IPA agencies* in 1978 was £1.38bn, out of a total advertising spend of £1.834bn.

According to Mr. Wheeler: "One of the areas of greatest change which may be witnessed during the 1980s could be the extent to which agencies are dependent upon media commission as their primary source of income." Over the '70s as a whole, not much happened in this regard: in 1978, IPA agencies derived 70 per cent of income from media commission, against 69 per cent in 1968, though it is still too early to say precisely what happened in 1979 itself.

Employment

In terms of pre-tax profits, IPA agencies outside London showed a return of 11 per cent on income in 1978, against 13.7 per cent for agencies based in London. This will have been reversed in 1979 because of the ITV strike. Whereas an average 50 per cent of a London agency's media spending is accounted for by television, the figure for out-of-town agencies is only 10.

For most agencies, says Mr. Wheeler, the events of greatest concern *in the past 10 years* were the recession of 1974 and the agencies' first experience of trade unionism. "The marks of these two events are still to be seen when one studies agency employment statistics. Despite the addition of 32 more IPA agencies, the total number of people employed in all IPA agencies fell from 17,204 in 1969 to 15,272 today, reaching a low in 1974 of 14,889."

The current total of 15,272 includes 3,435 executives, 838 copywriters, 2,026 artists, 1,315 media specialists, and 2,037 secretarial workers. The growth in numbers and influence of the out-of-London agencies is shown by the fact that while London agencies cut their staff by 2,674 between 1969 and 1979, out-of-London agencies increased theirs by 742. News of J. Walter Thompson's excursion into Manchester, says Mr. Wheeler, is indicative of the business potential north of Watford—JWT is negotiating to buy the £10m-billing Yeoward Taylor and Bonner.

MARKETING APPOINTMENTS

JOBS COLUMN, APPOINTMENTS

Chief executive to suit large undertaking

BY MICHAEL DIXON

WHAT BOTH farms more food and buries more people than any other organisation in the UK, is Europe's largest general wholesaler, freezes lamb in New Zealand, grows tea in India, and resides in Manchester?

The answer is the Cooperative Wholesale Society whose 35-member board, representing the 200 Retail Societies which own the CWS, reveals this morning that is seeks a new chief executive to follow Sir Arthur Sugden when he retires later this year.

It may well be that the board, under chairman Peter Paxton, feels improperly belittled by my opening description. After all, there are 11,000 shops to which the CWS is the main supplier, and 120 factories making, among other things, bottles some of which are used in retailing a third of the UK's milk. And there are nine hotels and two holiday camps and . . . but I'm sure that the board will appreciate that the line must be drawn somewhere.

There is, however, another of the conglomerate's achievements which I suspect is not known to its directors.

It made the suit in which the Jobs Column was married. The last creation of its tailor before he was dragged to the yellow van, the garment was probably the only example of the "cardboard-look." Its singular appearance cheered up a lot of people in the two weeks or so before it and all associated photographs were somehow burned in a small fire which broke out in the back yard. But the suit is not forgotten after two dozen years, and will never be forgiven.

In case the new chief executive should wish to check up on that achievement, the organisation chart suggests he should inquire through the director of the CWS's non-food division, who is one of five top managers in immediate support. There are directors also of the food division, of retailing and services, and of finance and computing, as well as the deputy chief executive Dennis Landen. Other employees number about 30,000.

Since there can hardly be any other organisation whose demands on its chief are quite like those of the £1.7bn-turnover CWS, David Ravenscroft—the Manchester-based MSL consultant who is dealing with the job—is looking broadly for people who are successful in the top management of some big and many splendoured business group. The preferred age range is 40 to 55.

Applications outlining relevant experience can be sent to Mr. Ravenscroft at 474 Royal Exchange, Manchester M2 7EJ. His telephone number is 061-832 9424.

Oh!—I almost forgot—the salary is £50,000-plus with "matching" benefits. One of these is a Daimler-Jaguar car, but the others are undisclosed. Even so, I would imagine that for a really outstanding candidate the Board might be willing to waive any obligation to wear CWS-tailored suits.

No smoking

"CANDIDATES must not smoke," declared recruitment consultant Alex Hakim.

Being unable to write two sentences without a pull on a cigarette, I felt affronted. "Not at all—not even when they are on their own?" I asked. "No," he said.

My hackles rose. Certainly the wiser, weed-free fraternity have a right to clear air in public spaces. But going beyond this to barry the unfortunate addicts even in the privacy of their own dens, smacked of unwarrantable prodnosery. "Why not?" I demanded.

Mr. Hakim chuckled. "So as the better to enjoy drinking wine, I presume," he replied.

He added that, for the same reason, his un-named client would not consider applicants with ailments which ruled out the moderate drinking of wine. But those who habitually drank more than moderately were also unsuitable.

By this time, the conversation was becoming a bit too enigmatic to bear. So I inquired whether the job in question hadn't any special characteristic — something that this column's readers might savour, so to speak? It had.

For one thing, the post is based in Austria. For another, it is with a private, wine-producing concern with an annual turnover of more than £12m, of which about £1.6m is in exports. With a view to increasing sales abroad, the company is now seeking an international export sales manager.

Responsible to the company's chief executive, the recruit will need a record of success in the international selling of consumer goods. If these happen to have been drinkable, then that will be a great advantage. In fact, Alex Hakim would prefer candidates to have knowledge of and contacts in the drinks markets of as many different countries as possible. In addition, applicants must be proficient in German, and preferably speak some French and Spanish as well.

The last, linguistic condition alone would (if a recent survey done by the P-E Consulting Group for the Royal Society of Arts, is true generally) rule out of consideration 38 per cent of export directors, 43 per cent of export sales managers, 58 per cent of export salesmen, and 70 per cent of total export staff employed in United Kingdom companies.

But Mr. Hakim was not discountenanced by that information. His search was not confined to candidates from the linguistically-lazy UK, he said. He would welcome suitable applicants from any country, provided they were no older than about 40, and ready to earn a Board seat within three years.

Rewards are open to negotiation, but the salary indicator is £12,500 to £17,500—income tax for married persons in Austria is 27 per cent, I'm told, and reasonable accommodation can be rented for £140 a month. Perks include car.

Inquiries to Alexandre Hakim, at A & A Consultants, Princes House, Suite 407, 39 Jermyn Street, London SW1Y 6DT; telephone 01-734 9035, telex 25116. Applicants who so request will not be identified to the employer until permission is given. The same guarantee applies below.

New bank

NEXT on the line came Peter Wilson of Management Appointments, talking about an unnamed client of his who is in the middle of setting up a bank in the UK. I gather that although the client has not set up a bank here before, he has done so successfully in other countries and thus knows precisely what he is doing. In case any reader is minded to try the same, the trick is apparently to do it slowly and carefully.

The particular job which Mr. Wilson wants to fill with the forthcoming bank will carry responsibility for devising the systems for financial control and reporting, and for administration. Based in London, the recruit will report to the director-designate in charge of internal management.

Once the systems are devised, the newcomer will be involved in recruiting staff to make them work.

The sort of person thought most suitable is a qualified accountant, probably chartered, aged about 25 to 30. Either while working in an accountancy practice or as a full-time occupation since qualifying, however, candidates must have been closely concerned with banking. And Peter Wilson would prefer this experience to have been in the field of international banking, rather than limited largely to the UK. Familiarity with business dealings with the Middle East would be an advantage.

Starting salary will be about £12,000 to £14,000. Perks will include a mortgage-subsidy and a non-contributory pension.

Mr. Wilson can be telephoned with inquiries at 01-499 4879. Those wishing to write a description of their relevant qualifications should send it to him at 1 Albemarle Street, London, W1.

Divisional Financial Controller

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This challenge can only be met by an ambitious accountant, capable of assuming significant responsibilities. The current job-holder achieved an early directorship and is now transferring to North America as a Vice President. His replacement should have similar potential.

City based, this position heads the finance function of a diverse division, part of a British group trading worldwide. In addition to co-ordinating management information and forecasts for member companies, the division advises the group on acquisition studies and capital investments, giving the opportunity to contribute at main board level.

Candidates, graduate ACA's, aged 26-29, must be able to demonstrate outstanding progress in their career to date. Two years' post-qualification experience is required, gained outside the profession or with a major firm including non-audit activities. A confident mature personality with strong communication skills is a prerequisite.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to Alan Crompton, quoting reference 874/FT on both envelope and letter.

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Financial Appointments

London

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Financial Accounting Manager c. £11,000 Ref: 6478
Responsible to the head of financial accounting for supervising the preparation of the Group's statutory accounts, taxation planning and cash management. A Chartered Accountant aged 25-40 is required, with at least 4 years' post-qualification experience including the preparation of accounts in a multi-national business.

Systems & Procedures Manager c. £11,000 Ref: 6479
Responsible to the head of management accounting for the development and implementation of accounting and planning systems and procedures, including preparation of the Group's Finance Manual. Candidates must be qualified accountants or business graduates aged 25-40 with experience either in a substantial commercial or financial organisation or in management consultancy.

Financial Analyst c. £9,000 Ref: 6477
Responsible to the head of management accounting for reviewing and evaluating the performance of a sub-group of companies, including the preparation of monthly operating reports, annual profit budgets and corporate plans. This should suit a graduate and qualified accountant under 30 with experience of computer-based management information systems gained in a major multi-national business.

All the appointments are open to men and women. A comprehensive and competitive remuneration package will accompany each appointment, including a company car where appropriate. Applications to Brian Luxton quoting appropriate reference number.

mh Mervyn Hughes Group
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants
01-404 5801

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Merrill Lynch, a world leader in the field of diversified financial services, has created an opening for a Recruitment Specialist on its international personnel team. Although London-based, this position will entail world-wide as well as City professional recruitment responsibilities and some international travel will be required. University recruitment and periodic financial training assignments will round out this role.

The successful candidate will be a dynamic graduate whose 3-5 years professional personnel experience has centred on banking or related financial services — perhaps has included completion of an international bank training programme — and who clearly has a career interest in international finance.

To find out more about this position, please send a brief résumé of you qualifications and experience, in strictest confidence, to: Roger J. Davis, Vice President, Merrill Lynch International & Co., 3-5 Newgate Street, London EC1A 7DA.

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To present reviews and analysis of the feasibility studies from a technical and process point of view. The candidate should be able to participate in discussions at executive level related to the project development and prepare necessary reports and advise on the technical issues involved, for management scrutiny. The candidate will also be expected to advise and be involved in discussions of process, manpower, utilities, product balances/specifications, etc.
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Interested candidates should send C.V. particulars to:

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Interviews held in London within three weeks from the application closing date

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We are anxious to identify a first-class young accountant with 2-3 years practical experience as a chief or deputy financial controller.

Aged between 28 and 33, and with a professional accountancy qualification, the ideal candidate should be familiar with computerised accounting systems, particularly as they relate to the cash control requirements of the parent company in the United States. Knowledge of a European language—German/French/Dutch—would be an advantage, as would some legal background, but these are not essential qualifications.

A salary of £13-15,000 is offered which, together with generous fringe benefits, represents an exciting opportunity for someone with the necessary energy and ability. It is anticipated that the division will experience significant growth and the opportunities for advancement within the UK, or abroad, are excellent.

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I. B. Mounsey, Financial Vice-President, ManuLife International Investment Office, Broad Street House, 55 Old *Broad Street, London EC2. 01-638-6611.*

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LOMBARD

How to ride two horses

BY DAVID MARSH

WITH ONE foot on the solid foundations of sound money, the othar in tha quagmire of international politics, central bankers have always been adept at the diplomatic game of having the hest of all possible worlds.

However forceful and clear-headed their statements and actions might appear on the surface, the most able practitioners of the art are careful to leave sufficient room for manoeuvre to allow them to follow a diversity of policy options at once.

Adroit

The special 1979 prize in the category of keeping in with both sides must go to the Bank of England for its adroit handling of tha controversy over President Carter's *freezing* of Iranian assets. On the same December day that the Iranian central bank governor was quoted as saying that the Bank of England was on his side Mr. Cyrus Vance, the U.S. Secretary of State, was in London publicly thanking the British authorities for their assistance over the blocking action.

Riding several horses at once has become even more popular as a result of the turbulent events at the start of 1980.

The most striking example has been gold, where the positions—once so clear-cut—of the re- and de-monetarisation brigades have become almost indistinguishable. Bank of France officials are now apparently preening themselves at the thought that the Americans are taking the same attitude as they hava done for most of the post-war period—i.e. hanging on to their gold stocks. But is this really a victory for the remonetisers? After all, as Mr. Volcker of the Fed has pointed out, gold's chronic volatility now strips it of any right to return as a central, stable element in the monetary system.

Central banks have needed a good deal of mental flexihility to deal with another subject that has dominated the January round of international monetary meetings—the problem of recycling. For much of last year the monetary authorities in the U.S. and Germany were complaining about uncontrolled credit creation on the Euromarkets. For months the spectre nf "Euromarket controls" haunted international banking.

Now, however, primarily as a result of the events in Iran and Afghanistan, the borrowers' market for international loans has turned sour. Central banks have neatly switched emphasis to a new concern—whether the international banking system will be able to face up to the task of recycling much of OPEC's $90-100bn surplus this year.

Thus the message — even from the Germans — is hands off the Euromarkets. When they review the controls issua next month, central bank governors are unlikely to decide anything more fearsome than a further push for consolidated hank accounts (decided in principle last summer) and better statistics.

Central banks are leading the calls for more conditional lending through the International Monetary Fund. But countries which have been struggling for years to avoid the clutches of the IMF are unlikely to he tempted in hy the words of Mr. Erik Hoffmeyer, governor of the Danish National Bank. Like everyone else be preaches the gospel of more Fund lending — but states that for Denmark itself to horrow from the IMF would be part of a move towards "economic doom."

The studious amhiguity on international lending, however, pales into comparison compared with the vexed issue of reserves diversification.

On the way

With the dollar's world importance declining, central hanks nearly everywhere admit that a *multi*-currency reserve system is on the way. Neither the Germans nor the Swiss nor the British, however, want to encourage the international role of their own currencies. So the industrialised countries are trying to fob off the reserve holders in the developing world with the SDR substitution account—ignoring the sizeahle risk that the IMF's efforts to promote the SDR will only encourage OPEC central banks to manage their reserves on the basis of their own currency baskets.

Tough nut for the European Court

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE VEXED question of transfer prices for the active ingredients of medicines—more specifically the prices which the so-called three sisters of Basle charge to their subsidiaries *abroad—has finally* come before the European Court. Essentially the same prohlem was brought before the British courts by Hoffman-La Roche, one of the "sisters," when the Government ordered a rednction of tha prices at which the company was selling Valium and Librium in the UK. The dispute was settled out nf court and the British courts were deprived nf the opportunity of saying what they thought about the apportioning of research costs—a subject which has caused mnch headache to German jndges in the *appeal*—to be decided next week—lodged by Roche against a price-cutting order of tha Federal Cartel Office.

The case now before the European Court concerns another "sister," Sandoz. The form in which it is presented is very *French*: it has been referred to the European Court by the Criminal Court of the first instance in Nanterre where M. Rene Chatain, Manager of Sandoz's French subsidiary in Ruell-Malmaison, is threatened with a heavy fine and possibly a prison sentence for an alleged *false declaration* of *customs* value on the importation of ergotamine and dihydroergotamine supplied by the parent company in Basle.

M. Chatain declared as customs value the prices which the parent company was charging the French subsidiary, that is, SwFr 67 (about £17.96) and SwFr 80 per gram respectively. The total value declared from *January 4 1971* to *November 3 1973* was, converted, FFr 89,929,024 (about £9,638,700). However, the French Customs Inspection Service concluded that the prices were grossly inflated, and total value shonld have been nnly FFr 36,786,081. The difference, which amounts to almost £4m, was established hy comparing the declared price with prices of similar prodncts of different origin.

The customs inspectorate accused M. Chatain on February 20 1974 of two offences. The *first was making* a *false* declaration of customs value which the French Customs Code treats as "importation of prohibited goods without a declaration," a civil offence punishable by imprisonment. The second offence of which M. Chatain was accused was illegal transfer of capital abroad, meaning the repatriation of profits to Switzerland, without first paying income tax in France. The Examining Magistrate found M. Chatain guilty.

Sandoz was very upset at having his products valued hy the French customs on the basis of imitation products. It fears *that such a procedure could* effectively block its exports to France and leave the market at the mercy of imitators. It asserted that the French decision endangered the future of the European, research-based, pharmaceutical industry. To rednce the selling price of active ingredients from the Basle laboratories to the level of prices charged by ordinary *dealers* nr *imitators would*, according to Sandoz, ha a serious hlow to this industry. The European consumer would be the first to suffer. The dispute between Sandoz and the French customs soon developed into a dispute between Switzerland and France and the two governments agreed that it shonld be decided by the European Court.

The legal submission made by Sandoz to the European Court is technical and complicated but can be reduced basically to three arguments. The first is that the customs *declarations* made by M. Chatain conformed to EEC regulation No. 803/68 and that this regulation allows the customs authorities to increase the declared valua in certain circumstances — but not to rednce it. The second is that the French Government has *used this customs prosecution* to stop imports of Sandoz products—a procedure declared by the case law of the European Court to be a measure equivalent to a quantitativa restriction of trade—infringing the EEC-Swiss treaty for free trade. Finally, Sandoz complains that tha penalty with which M. Chatain is faced is quite out of proportion to tha alleged *offences, particularly* as in making the declarations ha only followed EEC customs rules. Sandoz also submitted that the accusation of an illegal transfer of capital had no standing in view of the freedom nf movement of capital laid down in the EEC Treaty.

There is an overall agreement between the submissions of member governments and of the Commission to the European Court that member states may not nnly increase but also reduce tha value declared for customs purposes, though views differ as to the yardstick which may be applied. The Commission came closest to the view of the French Government when it stated that the inclusion of research costs in the price should he no har to a comparison with the price of imitation prodncts. "The whole point," the Commission said, "is to discover whether the parent company includes the same factors when it sells its products to another huyer."

Both the British and German Governments were clearly opposed to this idea. The British Government took the view that a comparison with prices of identical or similar goods could lead to considerable difficulties, and that it was ex*tremely doubtful* whether British authorities would be prompted to substitute a lower customs value by such comparison, particularly where imitation, patented, or state monopoly products were concerned. The German Government, obviously relying on a ruling made by the Federal Supreme Court in the Roche case, insisted that research costs should always be taken into consideration.

The British Government was also most emphatic that under the agreement between tha EEC and Switzerland a reduction of the declared customs value must not he used as a means of arbitrary discrimination nr as a disguised restriction on trade. While the case law of the European Court would not be directly applicable to trade with Switzerland, "tha principles are nevertheless similar, having regard to the rules of international law on the interpretation of treaties."

There was a universal agreemant of the EEC Governments and Commission that the treaty between the EEC and Switzerland did not provide for an unlimited transfer of capital, bnt only obliged the importing stata to grant exchange authorisations required to pay for the imported goods, even though they might be charged for at reduced prices. But the disagreement between France and the Commission on the one hand and Britain and Germany on the other as to the yardstick by which the fairness of prices may be measured detracts from the practical value of the agreement.

France is isolated on the issue of penalties. The Commission said merely that they must not be unreasonable. The German Government took the view that a penalty could be justified nnly by an infringement of the EEC customs rules (which Sandoz observed) and that it must not be disproportionate. In the opinion of the British Government it was impossible to speak of a false declaration of value if the importer followed EEC rules when making it.

In the absence of bad faith, negligence or recklessness, there could be no question of a false declaration, and in the view of tha British Government "any arbitrary downward adjustment of value, coupled with penalties for making a false declaration," would be contrary to EEC rules on free circulation of goods.

Though these rules did not apply to external trade of tha Community, tha principles of legal certainty and proportionality were relevant also to trade with third countries. Britain really hacked Switzerland, and the research-based pharmaceutical industry.

* Case No. 65/79 Procureur de la Republique v. Rene Chatain, pending.

Roadhead may be best of trio

RACING

BY DOMINIC WIGAN

THE ABSENCE of Border Incident from today's Ely Chase has taken away a great deal of interest from the two-and-a-half-mile Huntingdon event, which now sees just six horses in opposition. Nevertheless the race could still prove an informative one for racegoers since French Saint, Roadhead and The Snipe clash. This trio have, between them landed eight events on this track.

Although The Snipe's chance has to be respected after a good win last time out, two and a half miles is now short of his optimum trip on a comparatively easy track and for this reason I intend passing him over in favour of the brown Doon gelding Roadhead.

This seven-year-old, trained by Josh Gifford, could not have prodnced a more impressive display of jumping when scoring here last term.

Since gaining that victory, which came on only his second appearance over fences, Roadhead has returned to this conrse to record a six-length success over I'm A Driver in a two-mile handicap and has also won at *Lingfield* and Wolverhampton.

Provided that he does not repeat a jumping error like tha one which lost him a good deal of ground in tha Massey-Ferguson Gold Cup, Roadhead can return to the winner's enclosure.

Many people in the racing world will be sad to learn of the death of Tom Watson, Raceform's private handicapper and one of the chief contribntors to that informative weekly The Racehorse.

Tom Watson wrote "The diary of a private handicapper" in The Racehorse and sorted out some notably long-priced winners of major handicaps in that column. He will be remembered for his modesty and well-argued cases.

He became a race-reader for Raceform shortly after tha 1939-45 war. He enjoyed an uninterrupted and highly successful association with Raceform until his death at the age of 66 in Yorkshire at the weekend.

HUNTINGDON
2.30—Swashhnckling
3.00—Roadhead***

HAYDOCK
1.15—Gullsway*
2.45—Spring Frolic
3.15—Frivours
3.45—Spice**

TV Radio

BBC 1

† Indicates programma in black and white

6.40-7.55 am Open University (ultra high frequency only). 9.00 For schools, colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Heads and Tails. 2.00 You and Me. 2.15 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 The Robonic Stooges. 4.25 Jackanory. 4.40 Star Turn. 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 *Tomorrow's* World.
7.25 Top of the Pops.
8.05 Wildlife on One.
8.30 Watch this Space.
9.00 News.
9.25 Play for Today.
10.50 Platform One.
11.20 Tha Sky at Night.
11.40 Weather, Regional News.

All Regions as BBC-1 except as follows:—

Wales—2.15-2.35 pm I Ysgolion. 5.55-6.20 Wales Today. 7.00-7.25 Heddiw. 9.25 Welsh Sports Personality of 1979. 10.15 Play for Today. 11.40 News and Weather for Wales.

Scotland—10.10-10.30 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.50 Current Account. 11.20 Blue Moon. 12.20 am News and Weather for Scotland.

Northern Ireland — 11.30-11.50 am For Schools. 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 7.00-7.25 Sportsweek. 11.50 News Headlines. 11.54 Tomorrow's World. 12.19 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
3.30 pm Snooker: *Benson and Hedges Masters.*
5.05 Open University.
†5.40 Harold Lloyd.
6.05 Will Hay in "My Learned Friend."
7.15 Mid-Evening News.
7.25 Newsweek.
8.00 It's Patantly Obvious.
8.30 Public School.
9.00 M*A*S*H.
9.25 Man Alive.
10.15 Darts: Embassy World Professional Darts Championship.
10.45 Newsnight.
11.30 Snooker: Benson and Hedges Masters.

LONDON

9.30 am Schools Programmes. 12.00 Toppar's Tales. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 The Spoils of War. 3.45 Looks Familiar. †4.15 Children's *Matinee: "Too Many Crooks,"* starring Terry-Thomas, George Cole, Sidney James.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Wish you were here . . . ?
7.30 Bernie.
8.00 Armchair Thriller.
8.30 TV Eye.
9.00 Chief of Detectives.
10.00 News.
10.30 Inside Business.
11.00 *Lou Grant.*
12.00 What the Papers say.
12.15 am Close: Robert Rietty reads from Nahman of Bratslav.

All IBA Regions as London, except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 *Superstar Profile.* 4.15 The Bubblies. 4.25 Rocket Robin Hood. 4.45 The Next Week Show. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Survival. 10.30 How's Your Father? 11.00 Power Without Glory. 12.00 The Living Word.

ATV

12.30 pm Gardening Today. 1.20 ATV Newsdesk. 4.15 Windows. 4.20 The Jetsons. 4.50 The Life And Times Of Grizzly Adams. 6.00 ATV Today. 7.00 Emmerdale Farm. 10.30 Format V. 11.10 ATV Newsdesk. 11.15 Lou Grant.

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 Out of Town. 4.15 Thursday Matinee. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 10.30 Fireside Theatre. 11.30 Soap. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 4.18 Project UFO. 5.15 Emmerdale Farm. 6.00 Report at Six. 7.00 Walking Westward. 10.28 Channel Late News. 10.35 Logan's Run. 11.25 The Horror Film: "I Monster." 12.45 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 4.15 Little House on the Prairie. 5.10 Mork and Mindy. 5.40 Police News. 6.00 North Tonight and Area Weather forecast. 7.00 The Electric Theatre Show. 10.30 Reflections. 10.30 Soap. 11.00 Luke's Kingdom. 12.00 Reflections. 12.05 am Jack Rabbit. 12.35 North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 4.10 Cartoon. 4.15 Salvage 1. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Incredible Hulk. 10.30 Celebration. 11.00 What the Papers Say. 11.20 Snooker Classic. 11.55 George Hamilton IV.

HTV

1.20 pm Report West Headlines. 4.15 Spiderman. 4.45 Wyatt's Place. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 7.00 Emmerdale Farm. 10.35 Mr. Micklebugh's Magical Musical Museum. 11.05 Kaz. 12.00 George Hamilton IV.

HTV Cymru/Wales—As HTV West/ HTV General Service except: 9.52-10.07 am Am Gymru. 10.48-11.03 Mwy Neu Lai. 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ser. 5.15-5.20 Cartoontime. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena.

SCOTTISH

1.20 pm News and Road and Weather. 4.15 Larry the Lamb. 4.25 Little House on the Prairie. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 10.30 Sounds Gaelic. 11.00 Inside Business. 11.30 Late Call. 11.35 Mannix.

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 Selwyn. 4.15 Project UFO. 5.10 Cartoon. 5.20 Crossroads. 6.00 Day by Day. *6.30 University Challenge.* 7.00 Emmerdale Farm. 10.30 Southern News Extra. 10.35 People Rule. 11.05 Twist in the Tale.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 4.15 Fanglace. 4.45 The Life and Times of Grizzly Adams. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 Northern Scene. 11.00 North East News Headlines. 11.05 Invitation Snooker. 11.35 Soap. 12.00 Dancers. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 4.15 Little House on the Prairie. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.30 Counterpoint. 11.15 Family. 12.10 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 4.15 Gus Honeybun's Birthdays. 4.15 Project UFO. 6.15 Emmerdale Farm. 6.00 Westward Diary. 7.00 Walking Westward. 10.32 Westward Late News. 10.36 Westward Report. 11.05 Politics West. 11.25 The Horror Film: "I Monster," starring Christopher Lee and Peter Cushing. 12.45 am Faith for Life. 12.50 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 4.15 Farm Iace. 4.45 Salvage 1. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 10.30 With a Little Help. 11.00 Luke's Kingdom. 12.00 The Mary Tyler Moore Show.

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2 693kHz/433m 909kHz/330m & 88-91vhf stereo

3 1215kHz/247m & 90-92.5vhf stereo

4 200kHz/1500m & 92.5vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast ‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Talkabout. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). *12.00-5.00 am As Radio 2.*

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S) including 5.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Colin Berry (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S) (continued). 6.03 John Dunn (S). 8.02 Country Club (S). 9.02 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. 10.02 Rolf's Walkabout. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

5.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Berg (S). 9.55 Concert Club concert part 1 (S). 10.40 Interval Reading. 10.45 Concert Part 2. 11.35 Mozart and Brahms concert (S). 1.00 pm News. 1.05 Bristol Lunch Time Concert (S). 2.00 Music for Brass (S). 2.45 "The Kiss," opera in two acts Smetana, Act 1. 3.45 In Short (talk). 3.55 "The Kiss," Act 2. 4.55 News. 5.00 Mainly for Pleasure (S) († and mono only from 5.30). 7.15 Talking About Music with Antony Hopkins (S). 7.45 The Putney Debates among the General Council of the New Model Army in 1647 (S). 9.00 Duets (S). 9.10 Curse or Blessing? (talk by Marina Warner). 9.30 BBC Symphony Orchestra: Walton (S). 10.35 John Williams guitar recital (S). 11.00 Music in our Time (S). 11.55-12.00 News.

VHF only—6.30-7.15 pm Open *University.*

RADIO 4

5.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.05 *Parent Power.* 10.30 Daily *Service.* 10.45 The Wooden Horse. 11.00 News. 11.05 Analysis. 11.50 Sean's Story. 12.00 News. 12.02 pm You and Yours. 12.27 Detective. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.15 Any Answers? 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Mozart and Haydn concert, part 1 (S). 8.10 A Double Life: Keats and Thomas Hardy (discussion). 8.30 Concert, part 2 (S). 9.30 Kaleidoscope: James Baldwin, writer, in conversation. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

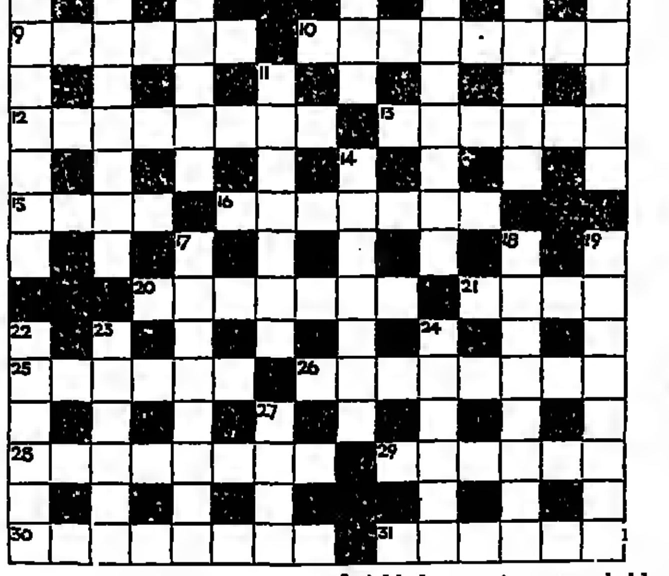
London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 3.00 pm Therese Birch—After Eight. 9.00 Geoff Sims—Nightlines. 12.00 LBC Reports Midnight. 1.00 am Carol Allen—Night Extra.

Capital Radio

5.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,194



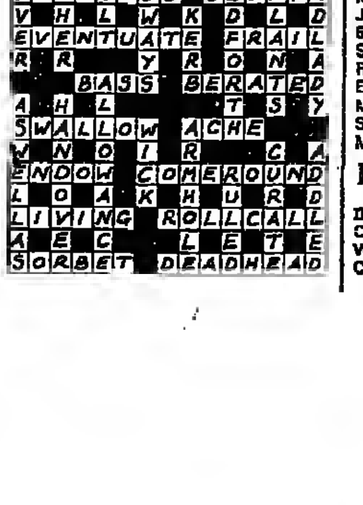
ACROSS

1 Fish returning to French island is easily manageable (6)
4 What conjurers do and howlers strive for (3, 5)
9 Pass our paint (6)
10 Team-leader in Paris with a letter from supporter (8)
12 Suspect it could be watery vapour and corrosion (8)
13 Arranged for all of the flowers (6)
15 Dilute gas in can (4)
16 Gamble about hazard in meat (7)
20 Cheer with tot in narrow valley (7)
21 Be conscious of price paid to learner (4)
25 Object to work and assume an attitude (6)
26 Inform whimsical airman? Rather the reverse (8)
28 Instrument for putting sheets of glass around seed? (3-5)
29 Meal for the German outside pub (6)
30 Representative and some French member dined (8)
31 Anchor destroyed by ferryman (6)

DOWN

1 Rodents put up in time for slaughter (8)
2 Hide from young beast's family (8)
3 Ventilator in museum? (6)
5 A mother and father in garden (4)
6 Added up to remarkable little editor (8)
7 Something put in a proof remains the same with no direction (6)
8 Species the French set fire to (6)
11 A way to travel—on horseback? (7)
14 Inner distinctive nature of perfume (7)
17 Throw around wood that's blazing (8)
18 One who starts putting gin and third of tonic in beer (8)
19 Where some people live over club it could be smoother (8)
22 Drop it awkwardly being numb (6)
23 Twist a ligament initially in the back (6)
24 Push about in coming up to chastise (6)
27 What the snooker player may need for a break (4)

Solution to Puzzle No. 4,193



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THE ARTS

Record Review

The Record of Singing

by MAX LOPPERT

The Record of Singing Vol. 2: 1914-1925. EMI SLS 743 (13 records), £65.00

With two volumes still to come, EMI's *Ewige Werk* is not yet *vollendet;* already it promises to be a monument quite as magnificent as Valhalla, and perhaps rather more durable. The second instalment of *The Record of Singing*—188 singers (if I have totted them up correctly) recorded during the final phase of the pre-electric period—is a mighty 13-disc set. The price is correspondingly mighty. Yet the worth is easily explained to even the most sceptical reader, for it is far more than the sum of such important considerations as that among the items carefully chosen and lovingly transferred to LP from the Stuart-Liff Collection of 78s (the lifeblood of the enterprise) there can be found performances of extreme rarity; or that Volume 1, in a limited edition, sold out speedily to become a collector's piece, and that its successor looks set to do the same; or that the price includes the second volume of Michael Scott's commentary (also, like the first, available separately in hardback—Duckworth, £24), marvellously illustrated from the Stuart-Liff treasure trove of photos. In the delights they offer these records constitute a series of related lessons in the art and the very meaning of the singing voice—lessons of incalculable value and interest.

The layout is ordered according to the existence of five broadly based national schools—Russian, French, Italian, Anglo-American, and German. The scheme is flexible enough to place the Japanese soprano Miura (an early "authentic" Butterfly) and the Norwegian Bryhn-Langaard among the Anglo-Americans, since, as Mr. Scott says, their reputations would be consolidated in those countries. The famous names of the period are all there. Shalyapin with whom the first volume closed) heads the roll of honour, Melchior ends it, and in between we find Muzio, Bori, Galli-Curci, Schipa, Gigli, Martinelli, De Luca, McCormack, Ponselle, Rethberg, Leider, Lotte Lehmann, Schumann, Tauber and Kipnis, all represented to display an essential facet of their art. There is pleasure and illumination in hearing them anew, in this precisely derived context; and quite as much of both in the chances provided to renew acquaintances or to make new discoveries among the less famous and the little-known.

"We don't hear singing like this any more": the old refrain is inescapable. And hardly any longer to be dismissed as the critic's rose-tinted automatic response indeed, at a time when makeshift, make-do Normas, Azucenas, Radames, Rigolettos, Brünnhildes, and Wotans occupy the international stages, when born Carmens are hard to find, idiomatic Fausts and Marguerites almost undiscoverable, and the species Siegfried appears to be extinct, these records, with their luxuriant profusion of talent in all categories, make for poignant listening. Think of an equivalent modern period—1964-78. Could a corresponding anthology be assembled? The modern phenomenon, the singer (such as Yvonne Minton) well heard in Mozart, Berlioz, Wagner, Mahler, Berg, Boulez and Tippett, would merit a full documentation; but the demonstrations of the virtues of pure, steady tone, clear, individual utterance of words, personal shading and emotional warmth contained within an evenly sustained phrase—these must surely prove a good deal harder to come by.

I began the epic journey of 26 sides on side 3, with the French school. Mr. Scott deems the period under review "The French Tradition in Decline," and plausibly supports his thesis. Even so, a succession of tenors like Paul Franz (brilliant and free-voiced as Gounod's Romeo), Ansseau (an ardent, poetic "Ô paradis"), Charles Friant (bold, original, and vibrant in *Prince Igor*) and the little-known Louis Cazette (so dulcet and tender in an air from Massenet's *Grisélidis*) will appear to contradict him.

Elsewhere, successions of this kind are easily found and equally rewarding: the Russian sopranos Kuznetsova (a sensuous, fragrant Massenet Manon), Cherkasskaya and Koshetz; the Italian and Spanish *soprani leggieri*—Galli-Curci, the hardly less exquisite Pareto, the exhilarating Barrientos and the acid but piquant Elvira de Hidalgo; the robust Australian baritones and basses Dawson, Horace Stevens, and Malcolm McEachern, each a master of technique. The lists and permutations are endless; a full report demands several columns of close, enthusiastic description.

Much of the music is now unfamiliar. Much of it is the popular music of the period—varying kinds and qualities of the "sentimental . . . ditty" formerly deemed (by such as the Grove 5 writer on McCormack) "not to be listened to with patience by critics or with enjoyment by true music-lovers." Happily, the time for genteel snobbery of this kind is long past. Certainly, I find that when an Edith Mason lavishes her radiant purity of utterance on Teresa del Riego's "O dry those tears," or when a Lucrezia Bori sings "When love is kind" in an English of the most potent charm and character, or when a Julia Culp brings to Horn's "I've been roaming" all the affectionate simplicity of her noble art, I listen with more than patience, and much enjoyment. Different ears hear these things differently; yet the transforming power of vocal artistry, of which the best of these examples afford so vivid an exhibition, is one of the things *The Record of Singing* is most notably and obviously "about."

The point is well made in the commentary; that is one of its strengths. Mr. Scott also demands fuller discussion than is possible here. In brief, his book is packed tight with fascinating biographical detail; it is closely researched, strongly argued (if not always very elegantly worded), intentionally controversial, stimulating and infuriating by turns. The writer deserves particular sympathy for his viewpoint on such matters as the importance of "historical imagination" in listening to and differentiating between past singing styles, and on the expressive function of the vocal arts—portamento, rubato, messa di voce, controlled use of vibrato—all but lost in our day. I respect his determination not to be swayed by received critical opinion, and to subject all the available material, even the most familiar and famous, to fresh scrutiny.

The trouble is that what reads very much like personal animus seems to underlie that determination, and to inform the account given of more than one "superstar" within the purview of Volume 2. Mr. Scott was recently quoted (in a Guardian interview) as saying that the writing of these studies offered an ideal opportunity "to settle not a few old scores in the process." Settle them with whom, one wonders—the writers whose praise for Martinelli, Ponselle, Journet, Schumann *et al* Mr Scott is at pains to dispute, or the singers themselves? Reading the section on Elena Gerhardt, it becomes hard not to feel that Mr. Scott has indeed "settled a score," and settled her hash as well!

The obverse side of the coin is the praiseworthy consideration accorded to voices Mr. Scott judges insufficiently esteemed—though even here I was disconcerted to discover how frequently his ears and mine come to slightly or strikingly different conclusions. And for all the warmth with which a charger is mounted against the kind of snobbery exampled earlier, there is plentiful evidence of Mr. Scott's own limited musical tastes. To write of Toscanini as though there were no more to his performances than bald phrasing and high tension shows a lack of stylistic comprehension quite as serious as that complained of in others. And when, in discussion of a lovely reading of Jenufa's Act 2 prayer by Zinaida Yuryevskaya, Mr. Scott is moved to describe Janacek's vocal line as "awkwardly written, sometimes downright ugly" and to complain of his "ignorance of or lack of sympathy for the singing voice," the temptation to dismiss him in turn as a stupid man, a man with blocked ears, has to be resisted very hard.

Placido Domingo

Covent Garden

Otello

by MAX LOPPERT

The postponement of the scheduled new production of *Andrea Chénier*, an attractive, unimportant piece, has brought in its place *Otello*, the high water mark of Italian operatic tragedy. In the event, Tuesday's Otello, conducted by Carlos Kleiber (his first Verdi in London) and headed by Placido Domingo (his first Royal Opera Othello), was a revival of superior quality. The production, rehearsed by Ande Anderson, and sets wear their quarter-century gracefully—or is one's affectionate tolerance being encouraged by fearful guesses at what today's opera producers might contrive for their replacement? The chorus and orchestra had been exhaustively prepared; first night mishaps apart, the extreme lucidity, balance, and poetic tautness of the playing and the uncommon engagement of the choral singing were all we have come to expect when Kleiber takes charge in the pit.

There were any number of instrumental details, normally left buried in the texture by less prespicacious conductors, brought shining and new-minted to the surface—never wilfully, it must be stressed, nor in a spirit of originality-at-all-costs. As in his *Bohème* earlier in the season, Kleiber evinced a remarkable gift for making continuous and cumulative dramatic sense of scurrying fast figuration—the fierce propulsion of the opening sequence was the product of genuinely *rhythmic* conducting. A first-night impression that later evenings are quite likely to modify or even contradict was of a want of weight, expansiveness, and grandeur in all of Othello's scenes, and therefore in the performance as a whole. "Ora e per sempre," *Allegro* but not noticeably *assai ritenuto*, was not the opera's pivotal point, not the lofty heroic utterance it can be when more broadly unfolded: it seemed to flash by too fleetly, without making full impact.

Domingo's Othello is surely the most generously voiced, the most refulgent and ringing of tone, that this production has heard. At a time when audiences are habituated to expecting less and less from Verdi tenors, this is sufficiently unusual. Still more unusual is the way the splendid instrument has been harnessed in the service of a portrayal that is absolutely cogent and immensely powerful. Domingo shows us an exotic, volcanic Moor, whose violence and whose Moorishness increase apace. (Some salaaming before an open window in the instrumental introduction to the final scena took the exoticism a touch far.) He enacts the animal passion of the man with an almost feral intensity; he seems only to lack the greatness of soul that would force the spectator to feel pity and terror at his downfall.

Mobility of this kind may have been purposely eschawed. Its absence may also be accounted for by the want of expansiveness in the tempo noted earlier, and by declamation clear (except when the sibilants of "Abbasso le spade!" went oddly dull) and incisive yet unable to command the *sfumature*, the charged, sentient inflections of famous Othellos long past. Unable, that is, until "Niun mi tema," when a new and searching eloquence seemed to touch Domingo's lips—and, with them, the performance.

This was Margaret Price's first Verdi appearance at Covent Garden. She looked well, in an ample, Titianesque way, and sang with cool beauty of tone, exquisite in tracing the absolutely even intervallic rise and fall of the line, easily riding the ensembles. Neither she nor Domingo employ to the full the portamento that would lend the love duet an even more tenderly sensuous caress; the vocal movement remained pure and tasteful in the modern manner. Miss Price's Desdemona is carefully studied, not spontaneous, not very moving. Silvano Carroli's Iago has become encrusted with mannerisms. Hardly a word is uttered "straight," hardly a phrase made of joined notes; there is much huffing and puffing in the drinking scene, much nasal tone and suspect intonation in the Dream, much loose, casual posturing. If this sounds harsh, the reproaches proceed from disappointment; for two years ago this was an Ancient of high dramatic promise, and, though Mr. Carroli's natural stage presence still tells, on Tuesday it was that no longer. Strongly cast smaller parts; a special word for Claire Powell's touching Emilia and the smooth, sonorous Lodovico of Robert Lloyd.

Royal Court

People Show

"We've been doing this a long time and we still ain't up there" complains Mark Long to his vaudevillian sidekick, Emil Wolk. The People Show last appeared on the Sloane Square main stage in 1969, during William Gaskill's "Come Together" festival. The double act is trying to fly, but Emil is doubtful, as Mark warns a lady in the circle to make room and reminds Emil that this is a first night. "You live your life like a preview" he chides.

The stage is occupied by a large wooden structure, whose twin drawbridges rise from the centre. In front of the safety curtain, saxophonist George Khan has played, not for the last time, Hoagy Carmichael's plaintive "Stardust," the tune of a lonely man in reverie. Will the show take off? Will Emil Wolk or, rather, fly? On the sidelines, the brooding bird man (José Nava) deliberately builds a nest and waits for its occupant.

The missing bird is to be tempted by cereal. To this end, the delivery man has turned up with packets and packets of shredded wheat. These in turn become properties for the comedians, who throw them recklessly about the stage before Mark embarks on an attempt to deposit an obviously Sellotaped-together pile of them on the drawbridge. The routine expires and a bow is taken. The applause stops, but not the bowing. Backs begin to creak and so does the bridge. The highlight of the act has been Emil's accidental elevation from ground level to the roof of the theatre while the black girl, who is eventually to dress up as an exotic fowl (Joy Lemoine), beats Mark about the head with a newspaper and inquires where he is off to. For some reason, it is Blackburn.

Making the parts of any People Show fit is a dodgy undertaking for a critic, but resisting the temptation to say "Just sit back, enjoy the images and give it a whirl," I am stymied as to what the butcher girl is up to. This is a new recruit, Linda Hoyle, and she does not, as yet, cut much ice as a personality.

The presentation is mounted with all the confidence and panache we have come to expect of this group, their occupation of the building as humorous as it is irrepressibly inventive. As the bird girl disappears on a toy tube train along the outline of an upstage railway track, three of the cast, two of them blowing brass counterpoint to Mr. Khan, suddenly descend from sight down the trap. A frame of coloured lights decorates the bridge as it rises once again, this time with José straddling the drop. The knockabout routines are modest but precisely worked out, and the internal relationships between the participants continue to prosper. It certainly makes a change and is well worth a visit.

MICHAEL COVENEY

Paris theatre

Tyranny down the ages

by NICHOLAS POWELL

Totalitarianism rules in a sizeable proportion of the Paris New Year productions.

Tom Stoppard and André Previn's *Every Good Boy Deserves Favour*, French title *La Musique adoucit les moeurs*, directed by Robert Dhery, who also acts the dissident Ivanov, is playing at the Theatre de la Ville until April 11 and proving as successful here as it has been in the UK. Acting and staging are first rate, and the slightness of the text is happily bolstered by fine playing from the Orchestre du Conservatoire de Paris, which Dhery has parked in a half-raised, triangular formation converging on the conductor at centre back stage.

The stage is dominated by a suspended white triangle, the tip of which hovers over the conductor's head—over all, a severe and fascinating geometry, complemented by the harsh black and white of the costumes: only Sacha and the schoolmistress wear other colours.

The differences between the two characters are underlined mainly by use of movement. Pierre Vaneck's lunatic twitches apparently uncontrollably (does madness necessarily afflict the muscles?) while Robert Dhery is a practically motionless dissident, withdrawn and stubborn.

But whether it is in French or English, the objections raised by the play remain: is orchestral harmony a suitable metaphor for the totalitarian machine and why doesn't Stoppard get to grips with the essential components of both madness and dissidence—intense suffering?

Macbeth at the Theatre des Bouffes du Nord, features the Jeune Theatre National with star actor 54-year-old Michel Bouquet as a surprisingly aged Scottish hero. Director Jacques Rosner has set the play in an ill-defined present, dressing the actors in military uniforms uncomfortably close to those worn by the Salvation Army. The only scenery in what is virtually an "In the round" production is a bunker-like construction which lumbers on and off stage on wheels. Effective in the early parts of the play, this concrete version of Macbeth's castle slows down, in its clumsiness, the important pace of Act V. The weaknesses in Rosner's production stem from the relative inexperience of some of the actors and the error of historical precision: equipping the English army with identifiable Tommy helmets when all else is vague was not a good idea.

Scene from 'Every Good Boy Deserves Favour'

Bouquet is a hard, controlled Macbeth who gabbles some of the more passionate poetry but brings a dimension of the cynical manoeuvring politician to the role. Juliette Carre, however, is a weak Lady Macbeth, less of a murderess than a hard-bitten West End hostess, who only begins to convince in the latter part of the play. Rosner's witches are particularly successful—their irrationality is all the more chilling because they are set against the rigid uniforms of the Scottish nobles and screened off from the rest of the stage by a gauze curtain. Especially effective is Act IV Scene 1, when Macbeth returns for supernatural reassurance. Bouquet's headstrong King, blustering into misinterpretation after misinterpretation, mistakes the mocking giggles of the witches for light-hearted applause.

Mephisto, at the Cartoucherie de Vincennes, adapted from Klaus Mann's novel by Ariana Mnouchkine for the Theatre du Soleil, ends its Paris run on February 10 to tour the French provinces, Italy and Germany.

This cumbersome, four-hour-long show concerns a troop of pre-war German actors who are eventually destroyed, morally or physically, by Nazism. The fact that the rise of Nazism has been wrung dry as a theme makes it all the more unforgivable that Ariana Mnouchkine should mess up the important bits; she fails to express any of the misery, bewilderment, violence or ideological seductions of the period.

The actors opt for Communism or National Socialism, but one never knows *why*—the choice seems purely narcissistic. There is more teeth-grinding narcissism when the troop agonisingly discusses the "social relevance" of its work. Ariana Mnouchkine has no fear of cliché. The villain actor destined to sell out to Nazism has, we learn, something sado-masochistic going with a black cabaret singer. An SS thug started life as a gay gigolo. In fact, the whole of *Mephisto* subscribes to a tiresome equation between fascism and sexual deviation which is very unfair to perverts.

The theatre itself is luxuriously decorated with murals depicting Prussian officers and battle scenes. The ceiling has a sky painted on it and there is a stage at each end of the auditorium. Changing the action from one end to the other necessitates as many changes of seating for the audience.

All the splendour achieves no end. Like the drum rolls and excerpts from Hitler's speeches which mark scene changes, it is extraneous and compensatory. The money would have been better spent on convincing scenery and costumes, dancing lessons and the hire of a decent jazz band. Instead, the frocks seem to have come from Oxfam, the dancers can't count further than two and the band doesn't swing so much as wobble.

At the Theatre d'Orsay Nathalie Sarraute's latest play, *Elle est là* minutely explores the psychological intricacies of disagreement. More than ever abstract, Sarraute's text expresses the normally unspoken thoughts of a man (finely portrayed by Roland Bertin) who has quarrelled with a woman colleague.

Just what is at stake is never mentioned—the substance of the play being the furious inner monologue which follows the row. An idea which the man held dear has been jeopardised by the stubborn independence of mind of the woman. Having failed to seduce, the man's thoughts turn to repression and intolerance.

The three men and one woman in the play are simply referred to in the dramatis personae as H1, H2, H3 and F: Sarraute is one step nearer the "nameless magma" which she once defined as her artistic goal.

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Thursday February 7 1980

Everyone else out of step

STERLING HAS risen strongly to the peak achieved last year, although the banking figures continue to show excessive money supply growth. This seems to contradict both the new and the old orthodoxies of monetary theory; but it reflects two facts, one only too familiar, the other readily forgotten. The familiar fact is that the authorities are trying to restrain monetary growth to 11 per cent at a time when money incomes are rising by perhaps 18 per cent, an unprecedented squeeze in a system in which liquidity was already fairly tight. This is causing our domestic agonies.

What is readily forgotten, however, is that we are at the moment treading this deflationary path almost alone. In no other major country has the rate of monetary growth been reduced even to the rate of growth of incomes, let alone below it. Despite rising interest rates, credit is relatively easy in the world at large; market rates are characteristically near to the rate of wholesale price inflation, and in many major economies well below it. It is the comparison between commercial rates and wholesale price increases which measures the ease of commercial credit conditions. Funds flow to the tightest market.

Dangers

Of course a strong exchange rate and the intensification of competitive pressure which results is one of the main ways in which monetary tightness can be expected to restrain inflation; but there is a limit to the speed at which any economy can adjust without disruption, and the authorities must always be aware of the danger of producing inadvertently exaggerated results. These dangers are especially great when monetary conditions in the world at large are slack enough to facilitate large capital movements. When sterling is rising strongly despite fairly persistent if modest official intervention in the exchange markets to meet foreign demand for the currency, there is certainly a prima facie case for looking suspiciously at the forces generating capital flows.

The problem is to some extent a new one. It is new because although our own monetary objectives are very tight, we have only recently come near to achieving them, with market forces trying to drive interest rates still higher.

However, this may be a transitional problem, for two reasons. First, the present peak in credit demand is probably the usual climax which marks the onset of a recession, as sales begin to fall behind budget, and extra credit is needed to finance an involuntary rise in stocks. This pressure will ease as the recession develops. Furthermore, international interest rates are still rising strongly; sterling rates may not look so attractive in comparative terms as others tend to fall into deflationary step behind us. The market forces which are at present attracting short-term funds to London, to fill the gap between domestic credit creation and credit demand, may not be enduring.

Dilemma

In the long-term market, however, the problem may well last longer. Sterling is now perceived as a strong currency. High long-term returns in a strong currency are irresistible.

In a system which relies as heavily as ours does on long term funding—and this is another respect in which everyone else is out of step—the authorities face a dilemma. As long as there is no official intervention in the exchange market, selling Government stock to foreign investors has exactly the same effect in reducing liquidity as selling to domestic investors, but the exchange rate tends to rise. If, on the other hand, foreign investment demand is met by what is essentially a swap of assets, while we build up our exchange reserves in step with our long-term official liabilities overseas, then the exchange rate is stabilised, but foreign demand has to be satisfied with extra issues of stock. The investment demand for sterling therefore entails either an excessive upward pressure on the exchange rate, or a still faster growth in very expensive long-term sterling official debt.

Objective

It is inappropriate that the managers of a strong currency should be offering 15 per cent or so for 20-year credit. While the aim of the coming monetary reform is not primarily to alter the structure of Government debt issues, this could be one of its most useful results. It should be regarded as one of the policy objectives, and certainly not the least important.

Open questions on ITV-2

IN PROPOSING the setting up of a second commercial television channel, the Government has been concerned to ensure that it should not contribute to a decline in the general level of programme standards, such as might be precipitated by a ratings war, in which the new channel might be struggling to achieve an adequate share of the available audience. This concern is irreproachable. By common consent, the UK enjoys a general standard of television as good as that to be found anywhere, and it would be highly regrettable if anything were to be done which could jeopardise this position. But it is not self-evident that the Broadcasting Bill provides the only, or even the best, solution to this problem, and it raises a number of questions which will need to be answered before a final judgment can be made.

Finance

The first and most important of these questions concerns the financing of the new company. According to th cBill, the Independent Broadcasting Authority will set up a subsidiary company which will be responsible for putting out the programmes on the new (national) channel; but the prerogative of selling the advertisements on the new channel will rest with the existing Independent Television programmecompanies, in return for making payments to the IBA.

On the face of it, this could be construed as giving the ITV companies a rather large measure of influence on the new channel, and virtually total control in fixing advertising rates on both channels. The Independent Broadcasting Authority seems to take the view that the new channel cannot be self-supporting from advertising revenue, and will need, therefore, to be subsidised by subscriptions from the programme contractors on ITV-1. The advertising industry, by contrast, believes the new channel will be profitable within a couple of years. It is not obvious that ITV-2 will have a better chance of commercial viability if the advertising is controlled by the existing commercial contractors.

Three months ago, before the Bill was tabled, the IBA published its own ideas on the new channel; these are consistent with the Bill, but more detailed. In particular, the existing ITV companies would have a block of four seats on the board of the new programme company, out of a total of possibly eleven. It is not immediately obvious how in this case a potential conflict of interest is to be avoided.

On the editorial front, the Government is concerned that the new channel shall cater for specialised, minority and educational interests, so that it shall have a distinctive character of its own and be, as it were, to ITV-1 what BBC-2 is to BBC-1. Partly to this end, the IBA is required to ensure that a "substantial" proportion of the programmes should come from independent programme makers who are not controlled by the existing ITV companies.

The key word here is balance. It is obviously undesirable that a fourth channel should have an undiluted diet of quiz games, thrillers and chat shows, in the pursuit of an audience. On the other hand, it is equally undesirable that it should become a minorities' ghetto, or even a convenient repository for repeats of programmes previously put out by the ITV network.

Judgment

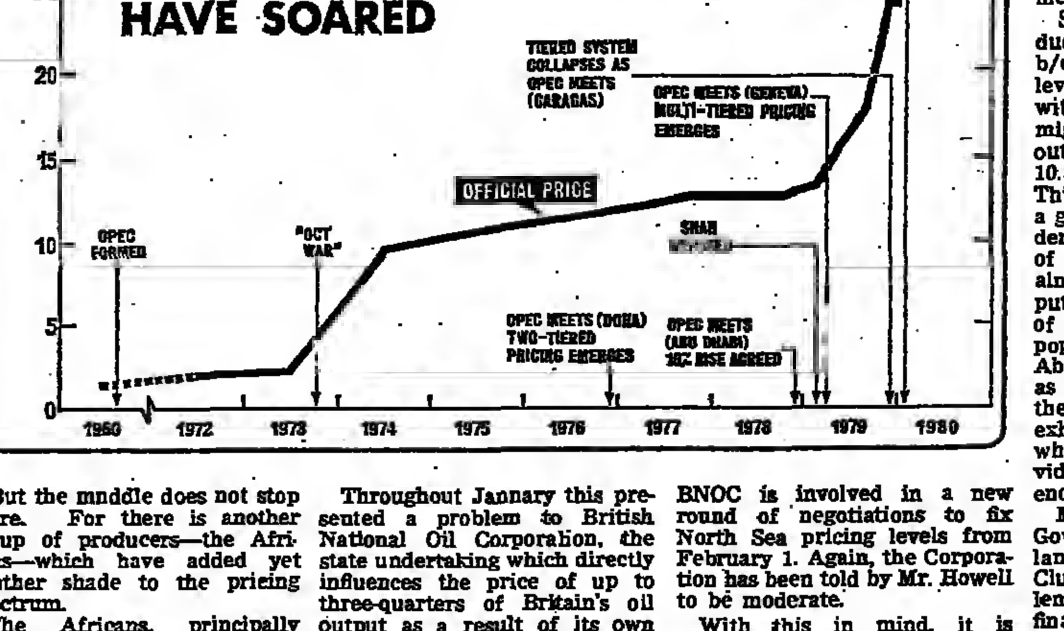
According to the IBA proposals, up to 75 per cent of the programmes would be provided either by the ITV companies or by Independent Television News, with a further 5 to 14 per cent coming from foreign sources; independent programme-makers would provide between 15 and 35 per cent. Whether this is the right balance is a matter of judgment. It certainly raises the question whether the ITV companies will suffer from a conflict of interest in the programmes they offer, and at what price.

There are, no doubt, many different ways of setting up a fourth channel, with different advantages and disadvantages. What the Government will have to explain in much greater detail as this Bill goes through the House of Commons is why it believes its roposed solution to be the right one.

OPEC MODERATES UNDER PRESSURE

The muddle of world oil prices

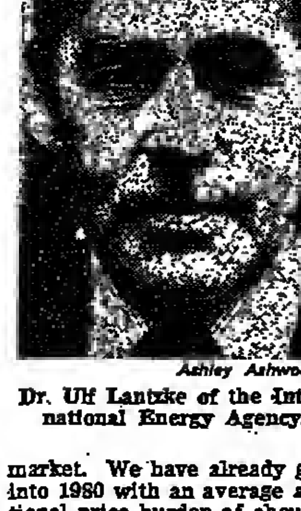
BY RAY DAFTER, ENERGY EDITOR



SAUDI ARABIA'S bold attempt to bring new order to the international oil market has clearly failed—at least, in the short term. Last week the kingdom asked $2 a barrel more for its crude oil in the hope that this would stabilise prices and narrow the gap between the rates demanded by the doves and hawks within the Organisation of Petroleum Exporting Countries.

In the event the reverse happened. Instead of being a restraining move, the Saudi action has had the effect of unleashing a spate of price adjustments. During the past week or so the pricing whirligig has been spinning as fast as ever; it seems that consuming countries, the oil industry, the International Energy Agency and Saudi Arabia could do no more than stand in the resultant turbulence in a state of bewilderment.

Few in the energy industry could have envisaged prices moving so rapidly, so soon after the big increases announced before, during and after the OPEC ministerial meeting in Caracas in December. The signals were all wrong.



Ashley Ashwood

Dr. Ulf Lantzke of the International Energy Agency.

Spot market volatility

For instance, prices in the volatile spot market have been falling consistently since the latter part of December. Just before Christmas cargos of Middle East crude were being bought for $39 to $40 a barrel, in some cases around $15 a barrel above the contract sales price. Towards the end of January Rotterdam spot market dealers were reporting that rates had fallen to nearer $34-$35 a barrel. In the past week prices of between $30 and $33 a barrel have been quoted.

Not that there has been a great deal of activity in the spot market. As a consequence of a mild winter in the northern hemisphere, stock tanks are almost full. OPEC producers are providing more than enough oil to keep the West fully supplied with energy.

Dr. Ulf Lantzke, director of the International Energy Agency, said in Paris on Tuesday that he reckoned the oil supply was currently running at a rate of at least 1m barrels a day above the level of demand. Providing there were no major supply disruptions, the oil market this year should not be as tight as in 1979. Dr. Lantzke gave two underlying reasons for this change. First, economic growth was expected to be much lower this year. Secondly, the 20 IEA nations were curbing demand by means of conservation policies.

Dr. Lantzke questioned whether the new oil price rises could be justified. "I do not see how these price developments can be supported by the market. We have already gone into 1980 with an average additional price burden of about 55 per cent compared with average prices in 1979."

Yet shortly after Saudi Arabia announced on January 28 that it was raising the price of its Arabian Light "marker" crude to $26 a barrel, four other Gulf states—Kuwait, Iraq, the United Arab Emirates and Qatar—announced that they too were adding $2 a barrel to prices, back-dated (like the Saudi increase) to January 1. These four are among the more moderate members of OPEC which at Caracas had aligned their prices on a notional marker price of $26 a barrel. Their new marker now stands at $28 a barrel leaving Saudi Arabia still $2 a barrel behind.

Not unnaturally the Saudis were disappointed by the response of the other Gulf states—a response which started a domino reaction. Iran moved ahead even further. As one of the OPEC hawks Iran had set its base price at $28.50 a barrel on the eve of the Caracas meeting. During the price fixing sessions, Mr. Ali Akbar Moinfar, Iran's ebullient Oil Minister, apparently indicated he would like to see the reference level pitched at around $35 a barrel, a price needed to stimulate the development of alternative fuels.

Other OPEC ministers refused to support this stance, and they failed to agree on any common marker price. Mr. Moinfar returned home and started easing up Iran's prices by means of special contract deals with international energy companies. These contracts, signed by Shell and British Petroleum among others, were based on a pricing formula related to both contract and spot market rates. It worked out that Iran's oil was being sold at $30 a barrel.

Following the Saudi move, Iran last week added $2.50 to its basic prices, giving a reference level of $31 a barrel and a negotiated contract rate of $32.50.

But the muddle does not stop there. For there is another group of producers—the Africans—which have added yet another shade to the pricing spectrum.

The Africans, principally Nigeria, Algeria and Libya, have always charged premium rates for their high quality crude. In recent month this policy has pushed their prices into the territory normally reserved for spot market sales. Nigeria has been the most restrained of the trio. Throughout January it charged around $30 a barrel for its Bonny Light crude. Algeria settled for a similar reference level but added $3 a barrel exploration surcharge refundable to companies which invest in the search for new Algerian reserves. Libya opted for prices of up to $34.72, including special surcharges.

During the past weekend Nigeria and Algeria announced yet another set of increases. Algerian crude went up to $37.21 a barrel (including the exploration supplement) and Nigerian top grade crude to $34.21. Libya has still to announce whether or not it will follow suit, although it must be mindful that present African contract prices are somewhat above the spot market rates for Middle East crude.

Consequences for UK

The African stance has a direct bearing on prices for the North Sea oil, now one of the most important sources of non-OPEC oil traded in the international market. Last year the UK and Norway produced oil at the rate of almost 2m barrels a day, on a par with Libya and much more than OPEC stalwarts like Abu Dhabi, Indonesia and Algeria.

Up to now Mr. David Howell, the Energy Secretary, has insisted that Britain should be seen as a pricing moderate, a follower rather than a leader of trends.

Throughout January this presented a problem to British National Oil Corporation, the state undertaking which directly influences the price of up to three-quarters of Britain's oil output as a result of its own equity holdings and numerous state participation deals. Not only was BNOC to set a "moderate" price; it also has to set rates in line with international levels—that is a condition of the state participaion deals.

Following lengthy negotiations, during which time there was a good deal of toing and froing between the British Government, pricing moderate Saudi Arabia and the oil-thirsty U.S., a compromise was reached. The price of Forties Field "reference" crude was set at $29.75, roughly in line with the then price of Nigerian oil. Small independent companies which had ventured into the North Sea with the aim of finding, producing and selling crude complained that UK oil was being underpriced: Tricentrol, London and Scottish Marine Oil, Santa Fe and other companies argued that they could have sold their oil for $33 to $34 a barrel in January.

Some independents swallowed and accepted the BNOC offer, mindful of the need to behave when a new round of exploration licences are about to be awarded. Large integrated companies were happy to accept the moderate price; it gave them cheap feedstock for their refineries. What they lost in reduced profits from production they could make up in improved margins on product sales. (Also Shell, British Petroleum, Amoco and Gulf have been uneasy about the advantages currently being provided to their main rivals—Exxon, Standard Oil of California (Chevron), Texaco and Mobil—which, as membera of the Aramco partnership, are customers of Saudi Arabia's "cheap" oil.

Now that Nigeria and Algeria have raised their prices, BNOC is involved in a new round of negotiations to fix North Sea pricing levels from February 1. Again, the Corporation has been told by Mr. Howell to be moderate.

With this in mind, it is possible that BNOC could decide to leave prices where they are—around $29.75 a barrel—and wait to see if any company protests. If the challenge is made—and this is likely—the price setting would be put into the hands of independent experts. The Corporation would not welcome this tactic, however, for it would be seen to be relinquishing some of its important price formulating powers.

A second option would be simple. BNOC could go ahead and nominate an increase of, say, $4 a barrel, keeping North Sea prices in line with those of Nigeria.

Third, the Corporation could opt for a compromise by raising the price by, say, $2 a barrel, and then imposing a further surcharge, which might also be around $2 to start with, which could be raised or lowered depending on market conditions.

There is a strong feeling that the more hawkish members of OPEC have been over-ambitious. The eroded differential between spot and contract rates would seeem to support this view. If spot prices fall even further, it is hard to see how the market could support such high contract levels.

The well-informed Middle East Economic Survey reported on Tuesday that the Saudis, "disturbed and disappointed" by the reaction to their own pricing stance, may take action to force down prices. They might either reduce their prices or considerably increase their level of production. This latter course might be adopted if other producers started to reduce their output because of the big rise in revenue.

It is far from certain that either tactic would work. Certainly the kingdom's moderate pricing stance has had little effect on other OPEC producers recently. If Saudi prices were reduced it would only provide more benefit to the Aramco partners, and it is known that the Saudi Government has become concerned about the big profits being announced by members of the consortium.

Saudi Arabia is already producing oil at the rate of 9.5m b/d, some 1m b/d above the level "politically acceptable" within the kingdom. The Saudis might be able to push their output to between 10m and 10.5m b/d for a short while. This might create something of a glut in a period of dampened demand, except that a number of other producers would, almost certainly, cut their output; particularly those members of OPEC with relatively small populations—Libya, Kuwait, Abu Dhabi and Qatar. For them, as for most OPEC members, there is little justification in exhausting a finite resource when the higher prices are providing them with more than enough revenue.

Mr. Gordon Richardson, Governor of the Bank of England, told the Overseas Bankers' Club this week that the problems of recycling the growing financial surpluses of oil exporting nations were likely to become more acute. In 1975 these surpluses were around $30bn. Last year they had risen to around $60bn. This year they could rise by at least a further 50 per cent.

Appreciating asset

Saudi Arabia, as the world's leading oil exportor, is finding it increasingly difficult to pick profitable investment schemes for its revenue — now running at almost $250m each day. So instead of increasing its output, the kingdom may well be forced to reduce its oil sales. The warning was made plain this week by Mr. Abdul Aziz al-Dukheil, chairman of the Saudi Arabian Investment Company.

He told a symposium of about 500 European businessmen in Davos that he did not think the Saudi Government could resist much longer pressure to keep its oil in the ground. "For us the choice is simple. Oil is an appreciating asset as long as it remains in the ground. By selling oil we are being asked to swap one asset for another. The asset we switch into has to be better than depreciating dollars."

The pressures are the same for all OPEC members. During the past year or so they have taken advantage of oil supply uncertainties and lifted prices to hitherto undreamed of levels. Those who believe that current prices are untenable may be whistling in the wind.

For, having revalued the world's crude oil resources OPEC may now be more keen to exercise more concerted control over production levels—to maintain a balanced market—than to allow prices to slip back.

MEN AND MATTERS

Mikardo prepares for the off

Since the starter raised his white flag on the Callaghan Soccession Stakes, Ian Mikardo, unofficial bookmaker to the Palace of Westminster, has been busy again exploiting the sporting instincts of his fellow MPs.

Surprisingly, I can reveal, the odds quoted in Mikardo's little book run against the trend of received opinion, which places Denis Healey as best bet. Mikardo's odds on his winning are 7 to 4, while slimmed-down John Silkin has emerged as favourite at 13 to 8. Peter Shore lags at 7 to 2.

Few members give jogger Roy Hattersley much chance since this will be his first outing in a class field, while Tony Benn, presumably in the light of his habit of running in the opposite direction to most of the other horses, ranks among the outsiders and is quoted at a humbling 33 to 1.

"Well, Prime Minister, why not shift your Olympic boycott campaign to the EEC?"

Hunting season

Having made a fairly dismal foray into the British market 11 years ago, U.S. headhunters Ward Howell are trying again, this time by holding hands—no money exchanged—with London-based Christopher Tilly and Associates. It is a type of arrangement which, according to Ward Howell's president and chief executive Max Ulrich, is working just fine in Belgium, Holland and Australia.

Ulrich believes the European executive search business (headhunters generally prefer this phrase) to be "in complete disarray," and ripe for a touch of New York pragmatism.

No one feels at all embarrassed about the term headhunting on the other side of the Atlantic. Indeed, Ulrich likes to see it as an essential part of the "maximisation of a scarce resource," namely, management expertise. The British style, hitherto largely reliant on the old-boy network, he sees as inadequate to meet today's needs. Moreover, he dismissed any misgivings about what some might regard as poaching. "You can't," he says with a certain logic, "poach an executive who is happy."

Running one of the largest executive search firms in the U.S., he is proud not to have lost any of his men to rivals; at least 20 attempts are made, he says, every year. Perhaps inconsistently, he does not himself recruit from rival headhunters—"it's an ethical question"—and is a trifle contemptuous of West European executive searchers' continual forays into each others' personnel.

Shy man of steel

One familiar adage about executive search, as one must call it, is that the hunted head quite often does not last more than six months. Succumbing to the flattery of being approached in the first place, he soon finds—it is said—that the Valhalla of his career is in fact at the end of a different tunnel. Executive searchers naturally deny this.

On their side they at least have the currently shining example of Derek Norton, bulky, extrovert chairman of the Lonrho steel-making subsidiary Hadfields. Norton, the man now telling the world how disinclined he is to pay any VAT dues until the steel strike is cleared up, was himself headhunted for a part of Oliver Jessel's empire later taken over by Lonrho.

Norton has at least shown some strong sticking power, totally reorganising the concern and commanding extraordinary loyalty from its workforce, despite—or perhaps because of—a dictum three years ago: "If I can't see a company making £100,000 a year it's not worth the effort."

Norton's strong management is combined with wandering around his patch and talking to everyone (he calls this making the milkround), and filling executive jobs wherever possible from the inside. He has little time for the company magazine style of communication.

He and Jessel got on well, and Norton declares himself a great admirer of his new boss, Lonrho chairman Tiny Rowlands. The acclaim Norton himself has been attracting lately has, however, proved too much for him. A spokesman for Hadfield's told me yesterday he was "very flattered" by all the publicity, but felt further "personal embellishment" was not quite the thing.

Down with gravity

Spoof political parties come and go—indeed, it might be said, some actually get into power. But Canada's Rhinoceros Party has proved more durable than most. Founded almost 20 years ago, it is putting up 121 candidates in the forthcoming election after an encouraging result last time round. Then.

High spot of the Rhino's manifesto is a pledge to abolish the law of gravity, while Mark Elson in the Peterborough constituency is campaigning for the abolition of metrication. "If God had wanted us to go metric," he argues, "he would not have given us 12 Apostles." His critics point out that God gave us 10 fingers before the Apostles.

Organic parts

This year's programme for the Edinburgh International Festival is being announced today, but I can reveal in advance one of its more bizarre features. The climax in a series of concerts in the Usher Hall—the city's biggest auditorium—is to be a performance of Berlioz's Te Deum, with Claudio Abbado, the London Symphony Orchestra, the Festival Chorus, and Gillian Weir playing the organ.

This last credit will surprise those who know the Usher Hall; although it has an organ, the instrument is regarded as so worn out as to be unplayable—a fast that has dictated the choral offerings at Edinburgh Festivals for years past. This hitch is apparently to be overcome by having Miss Weir play somewhere else—probably 50 miles away at Paisley Abbey. The organ part is to be piped in.

John Drummond, Festival director, established a reputation for innovation with his first festival last year. He defied those who said Edinburgh did not have a hall suitable for ballet—by staging it in a tent. He is modest about this latest idea. It came from Abbado, he says, who is a model railway enthusiast and mad about gadgets.

Men and memos

Even Sir Arnold Weinstock, managing director of GEC, is not, I hear, immune to that popular channel of communication, the graffito. When a printed injunction "DO NOT WASTE WATER" appeared in the cloakroom used by GEC directors, a hand, readily recognisable as Sir Arnold's, added "OR ANYTHING ELSE."

Observer

ECONOMIC VIEWPOINT

A balanced package for the Budget

THE SO-CALLED "building blocks" of the Budget are beginning to arrive in the form of answers to Parliamentary Questions about the cost or gain of various hypothetical tax changes. It is crystal clear—as it should have been last year—that no clever shuffling of these blocks is going to transform the nation's economic fortunes.

The burden of tax is determined largely by the cost of public spending, a point which will be underlined by the appearance of the Public Expenditure White Paper a week or so before the Budget. It is to be hoped that this will be the last time that the two documents appear separately. For to consider expenditure and revenue in separate compartments and in different kinds of money is a kind of craziness only the British would attempt. Meanwhile, no-one is going to think that he pays less tax than he does because of slight variations in the labels under which he pays it.

The purely political—or "envy"—taxes on higher earned incomes, which could be cut at negligible cost to the revenue, were slashed in Sir Geoffrey Howe's first Budget when he reduced top earned income rate to 60 per cent. All that remains is to provide for a formula adjustment of the thresholds in line with inflation on Rooker-Wise lines. Otherwise Sir Geoffrey's incentives at the top will go the way of Lord Barber's —which were eroded by inflation far more than by Mr. Healey—and could only be restored at the cost of a major political row.

The one way of reducing tax rates for the great majority of people without cutting expenditure would be to broaden the tax base. This would involve a phased reduction, for instance, in tax concessions for mortgage payments, pension funds and life assurance in return for a lower basic rate. A policy of low rates and no exemptions is especially appealing as an all-round deal, at a time when council rents are to go up as a result of the new public spending cuts. But there is still no sign that Mrs. Thatcher is any more attracted by such a package than when she rebuked an adviser, Prof. Douglas Hague, for suggesting it at a Financial Times conference last summer.

With anything really imaginative either ruled out, or a long way off, there is very little to be gained from the normal shuffling around between a penny on or off beer, tobacco or the basic rate of income tax. A simple formula adjustment of the whole structure would save time and energy for more important things.

Uncertainty

Nor is there any great mystery in the "Budget judgment," which nowadays means the size of the Public Sector Borrowing Requirement. The *out-turn* in *this financial year* looks like being at least £9bn. To reduce it below that amount next year would be too painful politically. To budget for a PSBR of £10bn or above would be too risky financially. Grown men need not waste time discussing "nine point what?" — although it is an error to conclude from the uncertainty that one should go for the top end of the range. Rather more important will be the need for a section of the *Financial* Statement giving a reasoned justification of the £9bn.

What is clear is that without public spending for tax changes next year's borrowing would be too high — at least £11bn. The economic forecasts, for all the fierce "integrity" with which they are carried out, embody a definite view of how the economy works incompatible with the Government's strategy. The forecasters' most probable contribution will be to push even higher the borrowing estimate as they now expect a bigger recession with a greater fall in output than they did last autumn or than most outside bodies do today.

The most likely forces acting in the other direction are a spillover into 1980-81 of VAT revenues due this year, and an increase in the estimate of the Government's tax take from North Sea Oil.

But even assuming that trouble can be avoided from the side of the forecasts, the latest expenditure cuts will not do the trick. With the known contribution of £350m from the EEC, they are worth just over £1bn. The Chancellor will be highly dependent on asset sales, above the £½bn already announced, such as a hoped for £700m from the sale of BNOC equity to the public.

There is also the reform of "capital" taxes to which the *Government* is pledged, *which* is bound to cost the Chancellor something. These taxes are estimated to yield nearly £2bn in 1979-80. Of this over £200m comes from the investment surcharge, £550m from stamp duty, just under £400m from the personal gains tax, an almost comparable *figure* from *corporate* gains, and £400m from transfer tax. Relaxation in these areas would have their main effects after the end of the next financial year.

It would be wise to allow some £100m to £200m for concessions here in the next financial year—and more for the years ahead.

Taking public spending, asset sales and other adjustments together, it will be touch and go whether Sir Geoffrey announces a real increase or decrease in the real tax burdens. His main hope is to get up to £1bn more off public expenditure by the backdoor device, pioneered by Mr. Joel Barnett, of fixing cash *limits* slightly below the expected increase in the cost of government services.

The Treasury obviously has *to prepare a broadly self-balancing* package, which can either be added to, or subtracted from, at the last moment. Revenue projections are nowadays made on the assumption that specific duties, income-tax allowances and thresholds are all adjusted upwards in line with inflation. *The Revenue Departments* prefer to use the word "valorisation" for this rather than the more popular term indexation.

If the Chancellor refrained from valorising the income tax thresholds—that is increasing them by 17 to 18 per cent in line with last year's inflation—he would gain over £2bn. He could also gain £800m by abolishing the £750 reduced rate band of 25 per cent (a band forced on Mr. Healey in 1978 by the TUC via Mr. Callaghan). This would finance a reduction of just over 1½p in the basic rate—although the tradeoff would be an unwise one, particularly this year.

Valorising the specific duties would involve 6p on a packet of cigarettes, 1½p on a pint of beer as well as 17 to 18 per cent increases in the petrol, tobacco, drink, gaming and vehicle licence duties. A decision not to valorise these duties would cost the Chancellor £1.2bn. Yet the arguments for such a decision are quite strong. The effect on the Retail Price Index from the upward adjustment is estimated at over 1.1 per cent. These are surely increases he could do without, on top of the inescapable increases in some nationalised industry charges and world energy prices.

The key to this Government's strategy (or any other remotely plausible strategy) is to achieve a reduction in inflationary expectations. The attainment of current monetary objectives will not do it alone. Nor will the publication of a medium-term financial framework, indispensable though that is; nor a directive to the Bank of England forbidding it to issue long-term securities committing the Government to pay 15 per cent interest well into the 21st century. Nor will a decision to refrain from valorising beer and tobacco and similar duties by the full amount. But all these things together would certainly help to change expectations in a way that none *could do on their own. Together* they would give the Chancellor the best possible opportunity to take advantage from any turnround in world commodity prices—which could still occur once it is clear that President Carter's rearmament bark is worse than his bite.

The natural combination would be to refrain from valorising both the tax thresholds and the specific duties by the full inflation amount. How can I as an advocate of indexation suggest this? There is no problem at all. Much of the argument about indexation is semantic. The wrong kind of indexation is that which implies that everyone is entitled to have his real wage, benefit level, tax allowance and so on guaranteed in perpetuity; which is imposible this side of utopia. The right kind of indexation means just honesty. That is that one should recognise the existence of inflation and be honest about real changes. The original Rooker-Wise amendments in the 1977 Finance Act which provided for the indexation of the personal allowances, were amended by Mr. Nigel Lawson, the present Financial Secretary, to allow the Chancellor to raise allowances by less than the inflation rate, provided he carries a Resolution in the Commons saying what he is doing.

A sensible package would be to invoke this provision to increase both the allowances and the specific duties by less than the inflation rate. By how much less? This is a question which cannot be divorced from the decision about social benefits, made but not yet disclosed, in the public expenditure review.

Poll pledge

Total social security payments in 1979-80 amount to nearly £19bn. Nearly £9bn is accounted for by pensions, the full indexation of which is covered by election pledges. Other benefits such as widows', industrial disablement or war pensions have only to be named to show the political impossibility of real reductions. The main areas where action is possible are unemployment and sickness benefits costing nearly £1½bn, supplementary benefits costing £2.3bn, and child benefit, costing £2.5bn. The first two are tied to the RPI at present; the last is not. So curbs in the first two only count as expenditure cuts. As these would not take effect before November, changes would bring their main benefit to the Exchequer in 1981-2 — another illustration of the absurdity of planning expenditure four or five years ahead, and taxes for only one.

The wise thing would be to tie the changes in tax allowances and specific duties to what is done on social security. The range of inflation estimates is around 14 to 18 per cent depending on whether one looks forward or backwards and with what degree of pessimism. Let us suppose that nominal benefits are increased by half of this — say 7 to 9 per cent. It would be reasonable then to apply the same percentage to the rise to the specific duties and the personal allowances and not hide the fact that they have been cut in real terms. This would have the great advantage of distinguishing between indexation as a measuring rod in times of inflation and the untenable notion of real value guarantees. By focussing adjustments on a single digit figure not too different from the money supply target it might help to get that target into the minds of people who do not follow financial policy and who are obsessed by a totally unrealistic "going rate" for wages.

A package on these lines would just about balance. But the abolition of the reduced rate band on top of it would be provocative when real benefits and thresholds were being cut. If anything is over, I can think of better causes to which to devote it than the 1p or 2p off the basic rate — a lower PSBR, for example.

If you don't like any of the options, blame the absurd system for deciding public spending first and effective tax rates afterwards. Without such a framework spending cuts will mostly be inadequate, but sometimes panicky and ill-judged, and on occasion all these things together.

Samuel Brittan

BUDGET "BUILDING BLOCKS"

Full year effects on 1979-80 basis

	Effect on Revenue £bn
Not raising tax thresholds by 17-18 per cent in line with inflation	−2.0
Not raising specific duties in line with inflation	−1.2
Abolition of 25p reduced rate band	+0.8
Reduction of 1p in basic rate	−0.5
Gain from cutting real value of child benefit by keeping it at £4 instead of £4.7	+0.4
Increase in VAT of 1 per cent	+0.7
Abolition of Investment Income surcharge	−0.2
Abolition of Personal Capital Gains Tax	−0.4
Abolition of Stamp Duty	−0.6
Abolition of Capital Transfer Tax	−0.4
Backdoor public spending cuts, via cash limits	+0.5 to +1.0
Sale of assets: BNOC equity and other	+0.7 to +1.0

Note: The neutral position is assumed to involve adjustments in line with inflation. Doing less or more than this is counted as a policy change

Letters to the Editor

Pecking order

From the Chairman, Minrest

Sir,—Trades unionism, like most other human institutions, arose because there was a need for it.

The original desperate need has long since disappeared with the advent of a more liberal style of management; that is not to say there is no continuing need for trades unions. I for one wish the movement well and would like to see stronger unions, not weaker ones.

The fact is however that very little of the "industrial action" news which daily fills our papers and TV screens, and which does so much damage to ourselves at home and abroad has anything whatsoever to do with grass roots trades unionism. It is almost entirely due to a desire (not at all unnatural) to maintain or improve the pecking order.

My experience of life is that usually if you remove the splinter, the pain goes away; and it seems to me that it might be far more profitable for all concerned to concentrate on the elimination of the cause of a lot of current irritation rather than prescribe surgery or bleeding.

In the 1960s under Sir John Mallabar, I ran all Ruston and Hornsby's manufacturing operations in Lincoln before that wonderful firm was absorbed, first by English Electric and later by GEC. During my years in Lincoln I cannot recall that we ever lost an hour due to pay system disputes; and that was over five very large factories with widely differing end products and a multiplicity of different trade unions. The reason was simple—and I take no credit for it. We had a first class job evaluation system, run by a joint management-trade union committee.

When I left Ruston's to take on the job of Upper Clyde production director, it was with the full knowledge that the yards were more in ruins due to leap-frogging pay claims than to out of date equipment. A major element in our recovery plan was to for ever end the rivalry between the boilermakers and the finishing trades by the institution of a job evaluated base wage system. We were frustrated in our aims by a combination of politicians and boilermakers.

Since those days, however, I have had ample opportunity to further consolidate my Ruston experience; and I cannot see why the existing relativities board could not or should not be expanded into a full blown job evaluation committee run jointly by the CBI and the TUC.

A listing of jobs by category with points score could be published quarterly in your own pages; from high court judges to crossing sweepers; and I wager there would be one or two red faces as a result. There would be no need for steel workers strikes; either the pecking order list would indicate that the steel workers were entitled to more or it would not. Members of unions which complied with the published job evaluation system would be entitled to social security benefits when on strike; those which did not would be penalised.

I am well aware that the solution is not quite so simple as that; but the sense of direction I am sure is right, and it could be done if the will were there. And there are enough highly respected trades union officials around—such as Frank Chapple—to know that it could and should be done.

J. R. Duff.
Blue Gables,
Leven Road,
Colinsburgh, Fife.

Some striking attitudes

From Mr. T. Vernon-Harcourt.

Sir,—The anger and frustration of the Hadfield's board in finding themselves involved in an industrial dispute not directly related to their own business is wholly understandable. Their desire to protect the interests of their workforce and shareholders is laudable.

Is it, however, ever acceptable to propose to break the law and refuse payments due to a government department? Would the Hadfield's management expect their workforce to observe any new legislation which outlawed secondary picketing?

Is there to be one rule for management and another for trade unions?

Tony Vernon-Harcourt.
Monks Farm, Debden Green,
Saffron Walden, Essex.

Small craft foundries

From the Chairman,
Foundries Economic
Development Committee

Sir,—Dr. Hitchens' letter (February 5) on our recent report—"*Small craft foundries: their present role and future prospects*"—makes the fundamental mistake of assuming that the results of his survey can be compared to the foundries economic development committee's study, which was carried out by its small craft working party. His survey consisted of a questionnaire sent out to the ironfoundry industry in 1972; and although in 1978 the working party also used a questionnaire to establish certain facts about the size of the craft foundry sector, the results were used in conjunction with detailed analysis of 12 individual foundries by independent consultants, and supplemented by extensive discussions with craft casting customers.

It was on the basis of all three sources of information that the working party developed its conclusions on the strategic importance of small craft foundries (including tied foundries) in providing the engineering industry with the skill intensive one-off and small batch castings which larger foundries no longer retain the ability or inclination to produce. All these sources of information also demonstrated that small craft foundries' ability to fulfil their role depended partly on well established local relationships with customers, but mainly on their retention of traditional moulder coremaking skills; and that the survival of the sector was threatened by severe financial problems. A particular cause for concern was the necessity for obligatory environmental investment which confronts small foundries with enormous, non-productive expenditure at a time when profits have been severely squeezed by the intense price competition in the industry.

The report therefore makes a whole range of recommendations, most of which are directed at foundrymen themselves on methods of increasing profitability by improving their commercial skills and reducing their production costs; but, as Dr. Hitchens points out, we have also asked the Inland Revenue to consider the merits of introducing a capital loan scheme. This would give small foundries (and indeed, other small manufacturing companies) a first year loan for capital expenditure, thus providing the company with the benefit of "front end loading" in its cash flow which the existing capital allowance scheme would not effectively provide for companies with little or no taxable profits during the early years following major capital investment. The loan would be paid back annually out of profits and thus encouragement to make the investment necessary for survival.

We are not therefore seeking "special measures . . . on uncertain evidence of a need for a local supply," as Dr. Hitchens suggests, but putting forward constructive proposals on methods of helping a vital sector of our industry to survive.

T. S. Kilpatrick.
National Economic
Development Office,
Millbank Tower,
Millbank, SW1.

Local castings service

From Mr. L. Hall.

Sir,—Purchasers of engineering castings welcomed Government's concern about the predicament of the foundry industry in general, and about the constraints upon companies in engineering caused by difficulties in obtaining sufficient abort-production run iron castings when business takes an upturn.

The recent NEDO report on *small craft foundries* adds further weight to the importance of iron castings to engineering industry, and emphasises the vital role played by those foundries which provide a strong local service.

Dr. D. Hitchens (February 5) casts doubt upon the evidence *in the NEDO report* which stresses the need to maintain local supply facilities. Data and statistics can be made to show almost anything, but notwithstanding the possible fractional discrepancy in the proportion of foundries delivering within a radius of 50 miles, the ability to purchase small-batch quantities of iron castings from local sources is crucial to every engineering manufacturer.

Dr. Hitchen's estimate of only about one-tenth of engineering castings being supplied by small independent foundries belies the importance of their contribution, and his 1972 report might well have produced some different conclusions had it been compiled only a few years later.

Some 200 UK foundries have closed since 1972 (mostly small craft foundries), and quite apart from this drastic reduction in overall sources of supply, the loss of local service where close liaison is often vital, has been very damaging.

Purchasers know only too well that the large automated foundries cannot be expected to break off from long-production runs to produce commercially-unattractive quantities, and in the last economic upturn, such items of castings had to be procured from places like Spain and Portugal.

Leslie V. Hall.
Richmond House,
34 Almondbury Close,
Huddersfield, Yorks.

Product liability

From the Deputy Chairman,
Association of Insurance and
Risk Managers in Industry
and Commerce

Sir,—Recent debate on product liability in your columns seems to miss the fundamental distortion on which the EEC draft directive is based.

Its authors claim that it is intended to ensure fair competition within member states of the Community. They need to make this claim so as to provide themselves under the Treaty of Rome with a peg on which to hang their entitlement to prepare a directive on this subject.

In practice, the draft directive is not a mechanism to regulate fair competition—it is an item of consumer-orientated compensatory social legislation. It creates a new class of unfortunates—those who sustain product-related injury — and singles them out for compensation not available to other unfortunates (e.g. those who suffer domestic accidents, are impaired from birth, etc.) whose economic needs may well be equally great.

A more honest approach to protection of all unfortunates would be for the state to provide financial compensation for them, and to be subrogated to the rights of such individuals against any person whose negligence or breach of statutory duty was the proximate cause of the injury for which compensation was being paid.

It may be argued that member states cannot afford such a generous social policy. It should, however, not be forgotten that national wealth is ultimately produced by industry and commerce, and it is they that will be saddled with the financial burden (and consequent national wealth depletion) if the draft directive on product liability is accepted in its present form.

If member states genuinely cannot afford to compensate their unfortunates they should be honest enough to say so, and they should reject the draft directive rather than effect a nominal transfer of the burden to the industrial manufacturer. If current law in any state does not, in the opinion of the Government of that state, provide adequate recourse for the victims of product-related injury there is ample mechanism for individual national improvement without the necessity for the acceptance of this ill-founded, specious and impractical directive.

A. P. Benson.
Group Risk Manager's Department,
Arthur Guinness Son and Co.,
24 Upper Brook Street, W.1.

Today's Events

GENERAL

UK: Electricity supply pay talks.

Dr. Tony Keable-Elliott, chairman of the British Medical Association general medical services committee, meets Dr. Gerard Vaughan, Health Minister, in discussions expected to include proposed BMA plan for patients to pay National Health Service doctors for some non-urgent treatment.

Sir Cyril Pitts, British and South Asia Trade Association chairman, talks to the Birmingham Chamber of Commerce on trade and investment opportunities for British industry in India.

Publication of Universities Central Council on Admissions report for 1978-79.

Thanksgiving Service for Joyce Grenfell, Westminster Abbey, 4 pm.

Sir Peter Gadsden Lord Mayor of London, presides at Court of Common Council, Guildhall.

Duke of Edinburgh visiting safety vessel MSV Tharos near the *Piper Platform in the North* Sea.

Overseas: Second day of official visit by M. Jean Francois-Poncet, French Foreign Minister, to Yugoslavia.

Mr. Hamish Gray, UK Minister of State for Energy, attending Energy Policy Foundation of Norway.

Second and last day of Socialist International meeting, Vienna.

PARLIAMENTARY BUSINESS

House of Commons: Industry Bill, remaining stages.

House of Lords: Slaughter of Animals (Scotland) Bill (consolidation measure). Protection of Trading Interests Bill, committee stage. Prayer to annul rules of the Supreme Court (Write and Appearance) 1979. Criminal Justice (Amendment) Bill.

OFFICIAL STATISTICS

Provisional figures of vehicle production (January).

COMPANY MEETINGS

Akroyd and Smithers, 2-6, Austin Fryers, EC, 12.30. Arthur Guinness, Park Royal Brewery, NW, 2.45. Hawkins and Tipson, Grosvenor House Hotel, W, 5.30. Murray Minor Investment Trust, 8, Crosby Square, London, 4. North Midland Construction, Daybrook, Nottingham, 12. Trans Oceanic Trust, 120, Cheapside, EC, 10.30.

COMPANY RESULTS

Final dividends: Plastic Constructions. Scottish Agricultural Industries. Interim dividend: M. L. Holdings. Interim figures: Mountleigh Group.

Dowty growth slower than hoped as home sales slip

FIRST HALF performance by Dowty Group was held below expected levels by the national engineering strike. Even so taxable profit for the six months to September 30, 1979, advanced £3.27m to £17.39m and further improvement is anticipated by the company at full time.

A downturn in home sales from £75.8m to £66.6m, caused largely by reduced demand for mining equipment, was more than offset by the mining division's exports, particularly to China, and higher overseas sales by the aerospace and defence divisions.

As a result of overseas and export turnover soaring from £35.3m to £82.6m total sales reached £149.3m (£111.1m). With trading profit £2.87m ahead at £17.24m this meant trading margins dipped to 11.5 per cent (12.9 per cent).

Sir Robert Hunt, the chairman, says the group's order position is satisfactory and still increasing, particularly for aerospace and electronic products: "Providing there are no further interruptions to normal working some recovery of the delayed sales will be achieved in the second half year.

Looking ahead, he says: growth is still anticipated with the accent on opportunities in aerospace and defence. Pressure on margins is unlikely to abate, particularly in overseas markets, as a result of high domestic inflation and the strength of sterling.

Dowty is maintaining capital investment at a high level but existing financial resources are sufficient to meet the known requirements, Sir Robert points out.

Tax for the first half, with the deferred element treated in line with SSAP 15, took £6.19m (£4.63m) leaving stated earnings per 50p share 1.1p better at 8.3p on capital increased by scrip issue.

The net interim dividend is effectively stepped up to 2p (1.25p) and costs £2.7m (£1.66m). Last time a final equivalent to 2.5p was paid from record pre-tax profit of £31.18m.

The mid-year pre-tax total was enhanced by interest income of £157,000, compared with a £244,000 debit. Retained profit came out at £8.51m (£7.33m).

See Lex

HIGHLIGHTS

Lex looks at the half-time figures from Dowty, showing a pre-tax profits rise of 23 per cent to £17.4m despite the impact of the engineering strike. Lex also examines the results from United Dominions Trust which, burdened by high interest rates, announced lower half-time profits. Lex also looks at the market in Consolidated Gold Fields' shares, where the mystery buyer still seems to be busy. On the inside pages stock jobber Smith Brothers reveals a pre-tax loss of over £½m and Mining Supplies shows a slump in profits from £1.22m to £551,000, though there is some indication of a recovery under way.

Strikes halve Mining Supplies at mid year

DEPRESSED by the effects of the national engineering dispute, taxable profits of Mining Supplies were more than halved in the six months to October 27, 1979, falling from £1.22m to £551,000.

At present a healthy order book and a substantially increased rate of turnover compared to the first half indicates a recovery, state the directors. But because of the steelstrike and other factors, they feel it is impracticable to predict the outcome for the year. They add that export orders are showing an encouraging increase which should continue.

For the last full year, profits were £2.27m (£1.84m)—a slight reduction in the second half resulting from a temporary fall in the level of National Coal Board business, increased pressure on margins, industrial disruption and bad weather. There was a single dividend for the year of 1p.

The six months' surplus is struck after depreciation of £429,000 (£377,000). After lower tax of £281,000 (£384,000), the net profit emerges at £270,000 (£837,000). Turnover was virtually static at £10.02m (£9.78m). Comparative figures have been restated following the adoption of SSAP 15.

The group has taken a £1m Loan at 11 per cent over seven years from the European Coal and Steel Community which the directors believe will help further developments within the UK and ensure a firmer financial base during a period of high interest rates.

In addition, subsidiary American Longwall Mining Corporation has borrowed £3m at 7¾ per cent over 20 years for capital investment. A contract has been placed to build a new factory and offices on the group's 23-acre freehold site in Abingdon, Virginia, the first stage of which should be completed by mid-summer.

● comment

For a supposed growth stock, trading on an historic p/e approaching 15, Mining Supplies is hardly showing its paces. After a disappointing second half last year, interim profits are roughly halved this time, for what, by now, are very familiar reasons in the engineering industry. What, then, to make of a group with a powerful order book and extensive export potential? The immediate profits outlook is obviously blurred by the steel strike but some idea of the underlying confidence of the coal extraction industry was given last autumn by Anderson Strathclyde's forecast of maintained annual profits, despite an abysmal first half year. The low coupons available on the U.S. 20 year loan and the ECSC term debt provide a firm base from which to exploit a growing world market and there is a strong case for believing that the share price despite a 6p fall to 78p yesterday, can live with the demanding multiple and an almost negligible historic yield with the help, perhaps, of enduring bid speculation. Small recent share placings have been eagerly snapped up by institutional customers but MS is going to be a difficult market to anticipate correctly as long as the dominant boardroom shareholding remains, the rumours abound and, most importantly, until prospects are translated into sustained performance.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Benn Bros.	int.	1.1	April 8	0.9	—	3
Dowty	int.	2	March 31	1.25*	—	3.75*
English & NY Trust		2.1‡	April 17	1.75	3.6	3
Palabora Mining		50¶	March 18	27.5	125	70
Smith Bros.	int.	Nil	—	1.5	—	1.6
Sterling Trust		5.6	April 8	4.1	9.1	6.3
Williamson Tea Hldgs.		7.5	April 1	12.5	12.5§	12.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Plus 0.4p non-recurring dividend. § For 18 months. ¶ South African cents throughout.

£0.5m loss at Smith Bros.

THERE WAS a pre-tax loss of £522,000 at Smith Bros., London jobber, in the six months to November 2, 1979, and the interim dividend is being omitted.

Last time, there was a first-half profit of £222,610, which was followed by a dive to £60,390 in the second six months. This left the full-year taxable surplus at £283,000, against £1.15m.

The directors say that, as indicated in the last annual report, the company failed to make up in the second quarter all the ground lost in the first three months, despite a partial recovery.

However, during the third quarter there have been very active trading conditions in the markets in which the company specialises, and the first half loss has been more than regained.

They say it is difficult to forecast profitability for the last quarter, but they hope the full-year results will be satisfactory.

Dividend policy will be considered in the light of the outcome for the year, they add. Last time there was an interim of 1.5p, followed by a nominal final of 0.1p.

After a tax credit of £260,000 (£125,000 charge), the net loss for the half-year amounted to £262,000, compared with a profit of £97,610.

● comment

Smith Bros. made no secret of its problems in the first quarter of the year, and interim losses are no great surprise. The third quarter has been very much more profitable, especially in gold shares (a Smith speciality) and other international business has done better too. The fledgling U.S. operation is no longer a drag on profits, and Smith ought to benefit from the new rules for international dealing which were announced on Tuesday. Despite the disappearance of the interim dividend, there is a good chance that profits for 1979-80 will improve on last year's poor performance, and that the final dividend will give a reasonable yield on the shares at 32p.

Benn Bros. £488,000 halftime

PRE-TAX profits of Benn Brothers, publisher of business journals and directories, increased by £118,000 to £488,000 from turnover up from £4.17m to £5.81m in the six months to December 31, 1979.

The interim dividend is increased from 0.9p to 1.1p—last year's total was 3p, from pre-tax profits of £1.13m. Stated earnings per 25p share are 2.9p against 2.3p.

Commenting on the half-yearly figures, Mr. Richard Woolley, the chairman, says business journals have made an increased contribution despite uncertain economic conditions, but book publishing activities have been subject to difficulties affecting the book trade in the UK and overseas markets.

Results of the group's book companies, therefore, show a decrease against the corresponding period last year. Profit on further disposal of Coombelands houses is included in the results.

As part of a vigorous sales effort to counter adverse conditions in book publishing, book distribution for W. W. Norton Incorporated, the American publisher, is being handled in the UK and Europe from this month.

Although market conditions are now harsher than last autumn, Mr. Woolley feels that, subject to factors outside its control, the group is well-placed to maintain the momentum of the first half.

Estimated tax for the period under review is £254,000 (£192,000), leaving the net profit at £234,000 (£178,000). Retained profit is up from £96,000 to £118,000.

Singlo profit boosted by cash and carry side

REFLECTING the first contribution from Norman's cash and carry business, acquired last spring, Singlo Holdings achieved a pre-tax profit of £564,818 for the six months to September 30, 1979, compared with £95,033 for the previous 12 months. Turnover rose sharply to £16.25m, against £7.2m in the last full year.

Norman's, which contributed £469,199 to group trading profits of £800,665, traded at a very satisfactory level and enjoyed a buoyant Christmas period. The new branch at Highbridge near Weston-Super-Mare will open in spring, 1980 and a major development programme is in progress at the Launceston branch in Cornwall.

Stated earnings per 10p share were 1.22p for the six months, compared with a 4.04p loss in the 1978-79 full year. An interim dividend of 0.522p net has already been paid in respect of the current year and a further 0.775p has been projected—last time a single 0.5p interim was paid.

Indian tea companies profits reached £372,500 (£367,068 for 12 months) while Malawi contributed £35,700 (£94,792). These results reflect half the anticipated profit for the year in respect of India and half the expected profits for nine months in respect of Malawi, which is in the course of changing its year-end.

The prices of tea sold in Calcutta have improved in the current year and the Indian results show an improving trend. However, no remittances have been received from India since January, 1979.

As announced last month, a conditional agreement has been reached with Caparo Group for the sale of the Indian tea estates, including loan and dividend payments due to the UK, for £1.5m payable in London.

	6 months 1979-80 £	12 months 1978-79 £
Turnover	16,248,616	7,209,710
UK	14,616,376	3,952,096
Indian tea cos.	1,512,894	2,846,456
Malawi tea cos.	119,346	411,158
Trading profits	800,665	365,551
Norman's	469,199	—
Indian tea cos.	372,500	367,068
Malawi tea cos.	35,700	94,792
Soft drinks	10,220	†12,762
Giftware	9,285	†35,895
Food processing and retailing	†96,239	†57,652
Head office exps. and loan int.	219,393	217,835
Exchange deficit	16,454	42,683
Profits before tax	564,818	95,033
Tax	290,600	329,812
Extraord. debits	—	148,144
To minorities	29,800	27,174
Attributable profit	244,418	†410,097
From capital res.	—	9,728
Pref. dividends	14,000	65,722
Ord. dividends	99,000	39,976
Retained profit	131,418	†506,057

†Loss.

The performance of the soft drinks business has been disappointing, the directors state, and efforts are being made further to improve its results particularly at Stoke-on-Trent and Merthyr Tydfil.

In the giftware division, Barnum's continued to trade satisfactorily. The results from Purbeck Ceramics remained poor and a major consolidation programme is now being implemented.

Three retail shops ceased trading during the period to the end of November and the closing down expenses have been significant. The group has suffered further losses at Fieldsman Preserves in Cardiff. Detailed economy and streamlining plans have been agreed with the local management, but these will not produce an improved performance before 1980-81.

Sterling Trust pays 9.1p

THE NET total dividend of Sterling Trust is being stepped up from 6.3p to 9.1p for 1979, with a final of 5.6p. The total includes a special interim of 1p already paid.

Gross income improved from £2m to £2.58m. After tax of £750,000 (£532,000), the attributable balance came through ahead from £1.03m to £1.48m.

Stated earnings per 25p share are up from 6.71p to 9.32p. Net asset value is given as 222p (239p), or 221p (235p) fully diluted.

Bonus from Pyramid Group

Shareholders in Pyramid Group (Publishers) are to receive a special dividend of 3.5p on April 1 following the discovery that the company has had "close" status since 1976.

The company said that information had come to its notice relating to the ownership of a certain shareholding in the company, not connected with the directors and their associates. As a result it was apparent that the company had been "close" since late 1976.

At February 14 1979 a company called Goldbeath was shown to have increased its stake in the company from 9.63 per cent to 20.88 per cent.

The implication for the new found status is that the distribution of dividends for recent years has been at lower levels than required under "close" company provisions.

The Inland Revenue has confirmed that it is in agreement with the dividend declared to rectify the matter. The payment will be met from existing cash resources.

The directors will consider the dividend level for 1979 when the full accounts are available.

BMCT query answered in Commons

IN A Commons written reply concerning the accounts of Birmingham and Midland Counties Trust, Mr. Graham Ferguson Lacey's private investment company, Mr. Reginald Ayre, a junior minister at the Department of Trade, said yesterday that the company filed its annual returns up to December 12, 198, on February 27 last year, and the accounts up to September 30, 1977, were filed on March 16.

Mr. Ayre said that letters have been sent to the company and its directors asking them to file the outstanding accounts.

This reply was in response to a question from Mr. Dafydd Wigley, the MP for Caernarfon. Mr. Wigley wanted to know what steps were going to be taken to ensure that BMCT "abides by the provision of the 1948 Companies Act, Sections 124 and 125, in view of the fact that this company has not lodged its report and accounts for the years 1977-78 and 1978-79."

A spokesman for Mr. Wigley said that the MPs concern in this matter stemmed from the announced closure by Bernard Wardle of a factory in his constituency with the loss of over 300 jobs. Wardle is presently the subject of a takeover bid from BMCT.

UK COMPANY NEWS

UDT falls by £0.6m in difficult first half

AGAINST a difficult trading background, affected by exceptionally high money costs, pre-tax profits of United Dominions Trust, the international finance and industrial services group, fell marginally from £8.5m to £7.9m for the half year to December 31, 1979. After all charges, the retained surplus emerged higher at £5.3m, compared with £3.9m.

Tax for the half year took £1.4m against £1.9m and minorities accounted for £0.2m (£0.3m). There were extraordinary credits of £0.1m (£1.3m debits) and preference dividends again absorbed £1.1m. No ordinary payments have been made since 1974.

Mr. L. C. Mather, the chairman, says the inevitable fall in profits from the instalment credit operation because of dear money, has been offset by the marked improvement in earnings of the group's International Commodities Clearing House and industrial services companies, which demonstrates the benefits of the widespread nature of the business.

Future prospects depend upon the speed and extent of a reduction in the present MLR, he states. The group is also awaiting the clarification of its position under the Banking Act in response to its application.

For the year ended June 30, 1979, taxable profits reached £20.1m.

Dependence on the banking support group for funds has declined further during the past six months from £640m to less than £200m.

On the funding side, the chairman comments that with the high rates obtaining during the half year, there has been an increasing inflow of deposits and the group's average rate scheme has proved popular.

Business has been brisk in the group's UK instalment credit section, despite the higher rates currently charged to customers and the marked increase in the cost of new and second-hand vehicles.

The flow of new business, aided by extended unit stocking plans and an active field force, is satisfactory, Mr. Mather states, while collections have not suffered so far from general economic conditions and strikes.

With increased market activity and its benefit from higher rates, International Commodities Clearing House again made a good contribution to group profits, with excellent trading by its Australian branch. The introduction of new futures markets in London, including gold, is under exploration.

Further progress was recorded in the property lending portfolio where, in addition to continued improvement in recoveries, fresh accommodation has been granted to sound borrowers.

As the lack of demand from exporters for the specialised services of UDT International Finance continues, trading results from this activity have deteriorated. Trading conditions abroad have reduced the contribution from overseas subsidiaries.

UDT Industries maintained its position at the highest individual contributor to group profits, with expansion in practically all operations. Motor distribution achieved record results, while Swan National consolidated its position with further increases in fleet size. Engineering activities suffered from various adverse circumstances, but construction and plant hire traded successfully with a healthy earnings rise.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—M. L. Holdings, William Ransom.

Finals:—Beaumont Properties, Drayton Commercial Investment, Drayton Far Eastern Trust, Plastic Constructions, Scottish Agricultural Industries.

FUTURE DATES

Interims:—

Hunt and Moscrop	Mar. 6
Throgmorton Secd. Grwth. Tst.	Feb. 14

Finals:—

Alcan Aluminium (UK)	Feb. 15
Bemrose	Feb. 20
Crouch (Derek)	Mar. 7
Ford (Martin)	Feb. 12
Transpan Development	Mar. 13
Turner and Newall	Mar. 12
Vereeniging Refractories	Feb. 20

Depressed year seen by Richards

THE CURRENT year at Richards would be very poor with profits at their lowest for a long time, Mr. A. R. Robertson, the chairman of the textile manufacturing concern, warned at the annual meeting.

But while this year would be unusually difficult, the future success of the company was not in doubt, members were told.

Mr. Robertson blamed the decline on general economic conditions, the recession in the carpet industry and the shutdown of a plant as a result of a fatal accident.

In response to these conditions, the company had started a programme of rationalisation and a major capital investment programme to modernise and develop areas which had greater future potential, particularly the spinning of synthetic yarns.

Last month, reporting on pre-tax profits for the 1978-79 year of £805,000 (£705,000) the chairman forecast a considerably lower result this time. However, he saw no reason why the rate of dividend should not be maintained.

English & New York improves

WITH GROSS revenue ahead at £2,786,756, against £2,478,859, net earnings for ordinary holders of the English and New York Trust improved from £1,284,535 to £1,667,871 for 1979. Tax charge was up from £744,202 to £876,921, and earnings per 25p share rose by 0.96p to 4.19p.

The dividend total is raised from 3p to 3.6p net per 25p share, with a final of 2.1p, and there is a special payment of 0.4p from non-recurring dividends received equal to 0.43p of earnings. A total of at least 3.6p is anticipated for the current year.

Net asset value per share is shown at 96.9p (99.9p) or 96.6p (99.5p) fully diluted.

Rickmansworth underwriters left with 67%

The offer for sale by tender of £3m preference stock of Rickmansworth and Uxbridge Valley Water Company has been undersubscribed by two-thirds.

When subscriptions lists closed yesterday, applications were received for just over £982,000 of stock at an average price of 98.03 per cent. The minimum tender price was £98 per cent.

The underwriters are required to take up 67.25 per cent of the 9 per cent Redeemable Preference Stock 1985.

Dealings in the new stock begin today.

Carrington Inv. falls: lower payout likely

Rising interest rates reduced profits of Carrington Investments from £48,000 to £30,000 in the six months to September 30, 1979.

A subsequent increase in interest rates in November has led to a further reduction in profits in the current half, state the directors. They warn that the lower profits, combined with the fact that directors are not waiving their entitlement this year, is likely to result in a smaller dividend.

Last year, there was a single payment of 2.4p on total profits of £66,000 (£83,000).

There is a lower tax charge for the six months of £1,000 (£26,000). Capital profits on the sale of fixed assets and tax adjustments have resulted in a net surplus of £169,000 which, in accordance with the company's practice, will be passed through the profit and loss account as extraordinary items with a corresponding transfer being made to reserves.

Carrington operates as a property investment and investment holding company.

London & Gartmore

Gross revenue of London and Gartmore Investment Trust moved ahead to £135,628, against £98,517, and net available earnings for the half year to December 31, 1979 improved from £13,894 to £19,949. An increased full year result is anticipated.

Net revenue was struck after debenture and loan interest up from £58,001 to £88,108 and tax of £10,022 (£8,760). Earnings per 50p share are stated at 0.469p, compared with 0.327p.

In the last full year, net revenue was £30,974 from which a single dividend of 0.75p was paid.

At the half year, net asset value per share is shown at 88.1p (91p at June 30, 1979).

First quarter pressure at ICL

PROFITS OF ICL, the computer group have come under pressure in the first quarter of the current year, warned Mr. T. C. Hudson, the chairman at yesterday's annual meeting.

The chairman said that orders and revenue have continued to grow overall, but at a lower rate, and overseas activities continued to feel the competitive pressures and the strength of sterling. Recent national and local production disruptions in the UK have also affected the profit adversely.

Mr. Hudson said that in all the circumstances he believed it was still premature to indicate the overall outcome for ICL in the current year, but he reaffirmed his confidence in the group's future.

The disposal by the NEB of its 25 per cent stake in the company was welcomed by the chairman as it further extended the base of UK shareholders. The NEB shares were spread among about 800 institutional and private investors, including some 400 new shareholders.

The closure of the group's works at Dukinfield, near Manchester by the end of the current year was confirmed by the chairman. At the request of the unions concerned a working party presented a report setting out alternative views to closure, but the company considered that they were not as practicable, in the interests of the whole company, as the intended course of action.

A shareholder asked why the accounts did not show what income came from computer equipment rentals. He felt that the group had a fundamental duty to holders to disclose this to put the company's investment status in the right light.

The chairman said that this information would be of benefit to the company's competitors. To arrive at a rental income figure there would have to be an arbitrary split of group expenses. He felt it would be wrong to change.

Mr. Hudson retired from the board at the end of the meeting. He is succeeded as chairman by Mr. Philip Chappell, a merchant banker, at present a non-executive director.

Williamson Tea profits are halved

TAXABLE profits of Williamson Tea Holdings for the 18 months to June 30, 1979 were less than half those for the preceding year, at £3.4m against £7.64m. Turnover was lower, too, at £26.59m compared to £27.12m.

After tax of £2.07m (£5.35m), the net surplus is £1.33m (£2.3m), giving stated earnings per £1 share of 28.76p against 75.46p.

A final of 7.5p lifts the dividend for 18 months to 12.5p, equalling the single payment for the previous year.

DOOARS HOLDINGS

Dooars Holdings is to conclude its liquidation proceedings at a final meeting to be held on March 14. As known, the company says there is no possibility of returns being made to shareholders.

Northern Foods expects profit to show satisfactory increase

MOST OF the activities of Northern Foods are making good progress at the present time, despite high interest rates, says Mr. Nicholas Horsley, chairman, in his annual statement.

The inclusion of Bluebird Inc. from January will ensure that group profits and earnings per share will increase satisfactorily this year, he adds.

The group pre-tax surplus rose from £22.4m to £25.48m in the year to September 30, 1979, as reported on December 19. On a CCA basis, taxable profits were £21.2m (£19.02m).

Referring to Northern Dairies, Mr. Horsley says there are signs that the fall in national milk sales has been arrested and, provided a sensible pricing policy is adopted, he is confident of maintaining the service at existing levels.

The company is pledged to the continuation of doorstep delivery. To the end, two dairies in the Midlands are being re-equipped and one at Stoke closed in a rationalisation programme to improve service in this area.

The directors see encouraging growth prospects at Dale Farm Foods, while at Dale Farm Dairies the substantial investment and development programme being carried out in Ulster gives them cause for optimism about the current year.

Smith's Flour Mills' profitability is expected to improve quite substantially this year. Continued progress is seen for Park Cakes.

Disruptions caused by the building of an extension to the Batley factory and the commission of new plant, together with continuing shortage of capacity, will cause first half profits to rise only slowly at Fox's Biscuits. But a considerable improvement is expected by the year-end.

Further growth is anticipated from both Goldrei Foucard and Pork Farms.

The accounts show that the actions against Bluebird will continue to be vigorously defended. The actions involve a tender offer made by Bluebird last June to its holders to buy up to 750,000 common shares at $10 each.

As this was less than the subsequent offer price of $14.875 made by Northern Foods, four law suits have been started against Bluebird and two of its directors for damages generally in respect of the price difference. One further unquantified suit has also been filed against Bluebird and the company.

At the year-end, bank overdrafts totalled £20.64m (nil), and these are repayable on demand or within one year. Cash, bank and short-term investments amounted to £16.72m (£4.98m).

The directors revalued group properties on October 1, 1978, which resulted in a surplus of £35,033.

In their report, auditors Ernst and Whinney refer to the revaluation, which used indices. They say they are not qualified to express an expert opinion on the resulting valuation and therefore on the revaluation surpluses of both the company and the group.

Meeting, Willerby near Hull, on February 29 at 12.30 pm.

Parkdale and Legal & Gen. school plan

A new school fees plan offering lower premiums at the outset has been developed by Parkdale Management Services in conjunction with the Legal and General Assurance Society.

Under this scheme premiums start at a low level and increase over the first five years to double their initial value. The objective is to avoid an initial financial strain for the investor, imposed by conventional plans with a high level premium. Under this scheme the premiums rise with the growth in the investor's earnings.

The plan consists of five with-profit endowment contracts from L and G based on the low-start concept, where premiums rise by one-fifth each year.

For example, a man aged 33 wishing to provide school fees of £3,000 a year starting in 10 years' time, would pay an initial monthly premium of £33.20 net of tax relief, rising to £66.40 after five years. Under a normal plan, the level premium would be £51.74 per month.

New division for Associated Leisure

A new division is being formed by Associated Leisure to co-ordinate the expansion of its non-amusement machine interests. It will become operational in March.

Called the hotels, holidays and entertainments division, it will be based in Warrington, Cheshire and will be responsible for Associated Leisure Hotels, The Berwick Holiday Centre, The Wight Holiday Centre at Sandown, Dreamland at Margate, The Lido at Cliftonville and the Birley Leisure Centre near Sheffield.

Mr. Norman Jones has been appointed managing director designate and Mr. D. H. Richardson, financial director designate of the division.

Mr. F. A. Hogsden has been appointed managing director designate of a new company which will be formed to co-ordinate and expand the activities of the group's amusement arcades, at present a part of Associated Leisure Entertainments. This company will be located at Burton-on-Trent where it will form part of the amusement machine division.

Westminster Property in black but no payout yet

Though Westminster Property Group reports a recovery to profit for the whole of 1978-79, members will have to wait until the end of the current year for a return to dividends.

For the 12 months to September 30, 1979, the property investment and development company turned in a £125,244 profit. This compared with a £26,599 loss previously, and was achieved despite a near £103,000 jump in interest costs and an exceptional debit of £28,741, against £18,244 credit last time.

At halftime the results, including those of the wholly-owned subsidiary trading in Portugal, showed the group surplus up from £12,000 to £42,000.

Stated earnings for the year per 20p share were 0.81p (loss 0.38p) but the Board has decided not to pay a dividend "bearing in mind the present economic conditions and the need to conserve cash."

The directors, however, anticipate a return to payments for 1979-80—the last distribution was an 0.67p final for 1973-74.

Profit was struck after interest up from £431,461 to £540,237. The net balance emerged at £100,244 after £25,000 (nil) tax. There was an extraordinary debit of £44,851 (credit £8,375).

SPAIN

February 6	Price %	+ or −
Banco Bilbao	213	
Banco Central	224	
Banco Exterior	211	
Banco Hispano	269	−1
Banco Ind. Cat.	135	
Banco Madrid	173	
Banco Santander	244	
Banco Urquijo	157	
Banco Vizcaya	220	+2
Banco Zaragoza	200	
Dragados	102.5	
Espanola Zinc	62	
Fecsa	58.2	
Gal. Preciados	35	−1
Hidrola	63.5	+1
Iberduero	61	−0.5
Petroleos	116	+1
Petroliber	72	
Sogefisa	115	
Telefonica	55	−1
Union Elect.	63.5	−0.2

MINING NEWS

Western Mining has a strong first half

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S major nickel, gold and aluminium-producing group, Western Mining, announces a striking sdvance in half-year profits, thanks to higher metal prices, and is lifting its interim dividend to 7 cents (3.4p) from 2 cents; the total for the previous full year to last June was 7 cents.

Net profits for the 28 weeks to January 8 have bounded to A$29.6m (£14.3m) from A$8.04m a year ago; the latest 6gure includes a capital profit of A$5m on the ssle to BP Australia of s 49 per cent interest in the huge Olympic Dam cupper-uranium prospect in South Australia.

James Forth reports from Sydney that nickel sales in the first half fell by 16 per cent to 21,016 tonnes, but revenue from nickel and co-products rose by 36 per cent because of the higher prices received for nickel and cobalt while there was also an exchange gain.

Nickel prices charged by the major world producers remained firm throughout the period and were raised by 6 per cent tuwards the end. Western Minlng will thus benefit in the current half year from a furtber 20 cents per lb increase in the selling price.

The price is currently around U.S.$3.25 per lh for csthodes and U.S.$3.20 for briquettes. In Melbourne yesterday, the Western Mioing chairman, Sir Arvi Parbo, said that the group's lower production hsd helped to reduce its stocks—valued at A$93m at January 8—and that they are expected to he down to normal levels of a two to three months' supply by June.

The chairman sdded that final acceptances to Western Mining's A$210m bid for the BH South base-metal mining and investment group were expected to give Western Mining 70 to 75 per cent of the capital

● comment

Western Mining's comment that the demand for nickel remains firm and is broadly in balance with supply while gold and aluminium markets remain strong, clearly indicates that the group is anticipating further profits growth in the second half, as does the sharply increased interim dividend. Even s trebled dividend total, however, would leave the shares yielding under 5 per cent at their current 230p, but this would still be a fair return on a stock of this calibre with its major long-term growth potential.

Philippines gold mine

THE MAJOR copper producer in the Philippines, Atlas Consolidated Mining and Development, has started gold production st its Pesos 170m (£10.3m) open-pit Masbate mine in central Philippines, reports our Manila correspondent.

The company stated that its first gold pour took plsce on January 24 and that the mine would reach full capscity In March. Annual production is put at 90,000 ounces of gold and 88,000 ounces of silver. Ore reserves are estimated to contain about 200,000 ounces of gold and 600,000 ounces of silver.

The new mine is expected to increase the gross revenue of Atlas by Pesos 431m s year, this being based on assumed prices of $600 per ounce for gold and $35 per ounce for silver.

Palabora earns and pays more

ANOTHER Rio Tinto-Zinc group member snnounces an sdvance in 1979 profits, this time the South African Palaboro open-pit copper operation. Net profits have moved up to R45.3m (£24.2m) from R25.7m in 1978 and an increased final dividend of 50 cents (26.7p) makes a 1979 total of 125 cents against 70 ceots.

This good performance has been achieved despite the need last year to replace mill shells. This major operation was completed in 58 days Instead of the original estimate of 120 dsys, and the loss of copper production during the operation was thus limited to 2,400 tonnes sgainst an earlier feared 5,000 tonnes.

Palsbora's copper sales last year totalled 112,667 tonnes compsred with 114,878 tonnes in 1978. But higher copper prices were received, the London Metal Exchange price having averaged some £935 per tonne against £710 in the previous year, while tha mine's by-product precious metals will also have made an increased contribution.

Metal prices have since moved ahead — copper is now £1,300 a tonne—and Palabora has thus made a good start to the current year. The shares were 25p up at 760p yesterday.

Alcan says its smelter plans still stand

CANADA'S Alcan Aluminium says that its plans to triple capacity of its Kitimat B.C. aluminium smelter by 1995 to nearly 1m short tons will not be affected by the new energy policy issued in outline by the Bennett Covernment of British Columbia on Monday, reports our Montreal correspondent.

"The energy paper does not alter our intention to proceed with the project," Alcan said, "and the company fully expects to meet the stewsrdship objectives of the Government enunclsted in the paper."

The Provincial energy paper spelled out that all future development of hydro-electric power on British Columbia rivers would be carried out by the provincial agency, the British Columbia Hydro and Power Authority.

In 1950 the then provincial government granted water licenses to Alcan to develop the Kamano river near Kitimat as a source of a future smelter. Both the hydro project and the smelter were completed by the end of the 1950s at a cost of well over C$500m (£188m).

Late last year Alcan said it bad started full environmental studies for expansion step by step of the smelter and doubling of the Kemano power capacity. There bas been some local environmental opposition to the bydro expansion which would require an increased reservoir area.

ROUND-UP

The Rio Tinto-Zinc group's Bougainville Copper yesterday asked the Melbourne Stock Exchange to issue an "announcement pending" notice "in view of matters being considered," adding that a statement would be made today. Such notices are required in Australia when a company is about to issue a statement which may affect the share price. It was noted in the sharemarket that Bougainville's annual results are dne and, thanks to higher copper and gold prices, earnings should show a sharp advance and might be accompanied by a scrip issue.

* * *

Canada's Rio Algom has said that the Supreme Court of Ontario has dismissed an application to prevent the company from carrying on business. The application was made by dissenting shareholders who opposed the now completed merger of Rio Algom and Preston Mines on the grounds that shareholders of Preston were not given sufficient information to enable them to make s decision on whether to approve the amalgamation.

* * *

Australia's Lelchardt Exploration which is searching for diamonds in southern Africa reports that further significant indicator mineral hss heen identified in a sample taken 22 km from the Aukam prospect in Nsmibia. Leichardt says that s total of 250 out of 450 samples have been evaluated.

BIDS AND DEALS

Rockwell already holding discussions with Serck

BY RAY MAUGHAN

Rockwell International and Serck, the UK valve and heat transfer group, have already started discussions following the acquisition by Rockwell last Friday of a 29.7 per cent stake in Serck's equity.

The terms of the discussions are said to be wide-ranging, although the valve industry is generally expecting a full offer from Rockwell. A further announcement is not likely to be msde for at least another week.

Serck shares rose 1p to 69p yesterday, after 72p, hut Robert Fleming, merchant banker to the group, is awaiting a response from the Stock Exchange to its request for an enquiry into dealings ahead of Rockwell's sudden market intervention at the end of last week.

Through stockbroker Cazenove and Co., Rockwell purchased its entire stake that Friday morning at a fixed price of 75p per share.

Seven days previously, Serck shares had closed at 40p but resched 51p at the close of Stock Exchange trading on the day before Rockwell acquired its holding.

Fleming regards this change as a "dramatic movement in relative terms" and expects to receive a reply from the Stock Exchange in the near future.

ROSEHAUGH IN PECU DEAL

Rosehaugh Company, the investment group, has subscribed £5,210 to acquire a 52.1 per cent investment in Tolverne Investment Company, a property dealing concern which has exchanged contracts for the purchase of the PECU portfolio of properties for £17.3m.

The portfolio consists largely of shops and also includes aome industrial, mixed use and office properties.

Tolverna intends to effect early disposals of certain of the properties and re-structure and improve the remainder of the portfolio.

Rosehaugh has also made a loan of approximately £693,000 to Tolverne but has not undertaken any further liability or commitment to or on behalf of Tolverne.

Rosehaugh's shareholders will be kept informed of any significant development affecting the investment in Tolverne.

'Imps' selling Rhodesian plant

Imperial Croup is to sell its tobacco packing and storing plsnt in Rhodesla to Tobacco Sales, a local company controlled hy the country's Tohscco Association.

The price was not disclosed hy either party but was rumoured in Salishury to be around R$5m (£3.25m). Imperial also announced its "firm intention" to resume purchases of Rhodesian tobacco in the coming season.

The plant is in Salisbury, and other assets being sold include office buildings and a residential estste covering 276 acres. The sale forms part of Imperial's general policy of buying leaf from traders on a gronp basis. It recently announced that it was negotiating the sale of its leaf-buying organisstion in the U.S.

A spokesman said he did not anticipste any difficulty in repatriating the proceeds of the sale. The only other assets owned bv Imperial in Rhodesia are 10.000 acres of forest land, for which there are currently no dispesal plans.

Tobacco Sales is a quoted company currently canitalised at £S.Sm. It has diversified out of the tobscco auction business into agricultural chemicals, tobacco storage, retailing, travel and insurance. The company also announced yesterdsy that it was negotiating a long term agreement with the West German international tobacco merchants Gebrueder Kulenkampff.

NO PROBES

The following mergers are not being referred to the Monopolies and Mergers Commission:

Wheway Watson Holdings and Joseph Shakespeare; V Cronp Shipping Corporation of Liberia and certain assets of Tate and Lyle; Aveo Financial Services and Red Dragon Securities; Clobe Investment Trust and West of England Trust; John Swire and Sons and a 40 per cent in Trans Canads Freezers; Snpreme Investments and Royco Group; IMI and a 50 per cent interest in the European enterprises of the Cornelius Company, U.S.

PLESSEY WIRING UP FOR SALE

Plessey, the electronic group has announced its intention to sell another of its small subsidiaries, Plessey Wiring Company, should a suitable purchaser be found.

Only last week Plessey sold off its sheet metal company as part of its ststed policy to dispose of non-electronic interests in order to concentrate on its high technology business.

Plessey Wiring is based in Swindon and employs 154 workers. A spokesman said that Plessey would not make an "all out drive" to sell the wiring business but it is known that an individual buyer is very interested hut no sale has yet been agreed.

RTD GROUP SELLS SWINTON FACTORY

RID Group bas negotiated the sale of its freehold factory premises at Royal Oak Works, Swinton, Lancs, under satisfactory lease-back terms. Gross sale consideration is £175,000 cash, the net book value of property at February 28, 1979 was £101,970.

Royal Oak Works is occupied by a major metal-finishing subsidiary of the group which will continne to carry on its operations from tha premises.

Proceeds of the sale will be ntilised to reduce horrowings and to provide working capital for development of business interests of the group.

HENDERSON-KENTON BUYS GREENHILLS

Hendarson-Kenton, the retail furnishing group, has acquired Greenhills, the Clasgow furniture store. The 32,000 sq ft store will be the group's largest city centre unit in the UK. It is being refurbisbed and will open as "Hendersons Furnishing" in the spring.

This is one of nine new stores recently opened or acquired by the group, making a total of 77. Stores are expected to open lster this year in Middlesbrough, Cheltenham, Oldham, Cardiff and Coatbridge.

Mr. David Hyman, chairman, says the group is engaged on an intensive expansion programme, and is negotiating for several further new sites and existing businesses.

The group trades as "Hendersons Furnishing" in Scotland and "Kentons Furnishing" in England and Wales.

EUCALYPTUS PULP MILLS

Island and South American Merchants has sold 30,000 ordinary shares in Eucalyptus Pulp Mills, reducing its bolding to 1,100,422 (29.55 per cent).

Balcombe Securities has purcbased 30,000 Eucalyptus ordinary shares, making its holding 541,500 (14.53 per cent).

APPOINTMENTS

Administration controller at Midland Bank International

Mr. C. D. Johnson has been appointed to the new position of controller of administration at MIDLAND BANK INTERNATIONAL and has been replaced as assistant general manager (international) by Mr. T. R. A. Lockett, previously senior executive foreign exchange snd currency deposits. Mr. D. M. Sntherland joins the bank ss an assistant general manager (international).

★

Mr. I. D. Garthwaite has been appointed mansging director of KIRKLAND - WHITTAKER (STERLINC BROKERS) in place of Mr. K. Carpenter, who has resigned. Mr. A. J. Stone has been made an associate director.

★

Mr. T. J. Rix, chief executive of the Longman Group, has been returned unapposed as the vice-president elect of THE PUBLISHERS' ASSOCIATION. He will take office at the annual meeting on March 27 in succession to Mr. Craham C. Greene, managing director of Jonsthan Cape. Mr. Rix will succeed Mr. Ian Chapman, as president at the AGM in 1981, and will then serve for two years as president followed hy a further year as vice president.

★

Mr. John Kavanaugh, managing director of insurance hrokers ROBT. BRADFORD HOBBS SAVILL, has additionally been sppolnted chairman from March 1 on the retirement of Mr. David Dowlen.

★

Mr. Ian Cecil has been appointed executive vice-chairman of MILLER BUCKLEY PIPELINES, a member company of the Miller Buckley Group.

★

REDMAN HEENAN INTERNATIONAL states thst Dr. R. B. Sims and Mr. S. Robson have heen appointed non-executive directors of the Board of Redman Heenan Limited, the RHI group advisory services subsidiary. Dr. Sims, who is the gronp technical director of the Delta Metal Company, and Mr. S. Robson, who is the managing director of the International Research and Development Company, will be members of a newly-formad group technical pollcy committee, under the chairmanship of Mr. V. John Osola, group chief executive of Redman Heenan International.

★

Mr. John B. Elwell, managing director of Auto Wrappers (Norwich) has been appointed divisional managing director of GEI INTERNATIONAL'S packaging division, based at Marlow in Bucks. His position at Auto Wrappers will be filled hy Mr. Roy Maynard, sales manager.

★

Mr. Norman Utton has joined the Board of JOHNSEN AND JORGENSEN (PLASTICS) as sales and marketing director.

★

Mr. Alan H. A. Stewart has joined BONE CONNELL AND BAXTERS, structural fabricators, Wlshaw as depnty managing director.

★

Mr. Abdul M. Jaffer has been appointed managing director of the JUBILEE INSURANCE COMPANY.

★

Mr. J. Rawicz-Sxczerbo has been appointed a non-executive director of McKECHNIE BRITAIN, a member of the McKechnie Gronp.

★

The Boots Company has appointed directors to three subsidiary companies: BOOTS THE CHEMISTS—Mr. D. Budge, Mr. M. Hnbson, Mr. I. M. Smellie, Mr. D. A. R. Thompson, and Mr. B. Uttley. BOOTS PURE DRUG COMPANY—Mr. B. E. Collard and Mr. A. E. Davis. BOOTS INTERNATIONAL—Mr. J. A. Reid and Mr. G. A. Turnbull.

★

At the BRITISH AVIATION INSURANCE COMPANY in preparation for his retirement in mid-1981 Mr. J. H. Hine at present underwriter and manager, hecomes managing director on April 1 and Mr. I. K. Storey, at present deputy underwriter and manager, will be appointed underwriter and deputy manager.

★

Mr. John A. Breeden has been appointed UK sales director of SMURFIT (the UK holding company for the Jefferson Smurfit Group) from March 1.

★

Mr. N. B. M. Kittoe has been appointed a senior assistant director of MORGAN GRENFELL AND CO. He will be leaving London on March 1 to taka over as the representative in tha Cairo office.

★

Mr. Michael Firth has been appointed a senior regional manager of NATIONAL WESTMINSTER BANK'S Eastern Europe and Scandinavis Regional Office, based in the City. He succeeds Mr. F. C. Emerick who is retiring.

★

Mr. Stuart Hughes, has been sppolnted to the marketing Board of ROYAL DOULTON TABLEWARE. He joined the company in 1972.

★

Mr. R. J. Kinvig has been appointed a director of JARDINE MATHESON INSURANCE BROKERS (SCOTLAND).

★

Mr. Patrick Townend has been elected senior partner of DEARDEN FARROW, chartered accountants. He succeeds Mr. C. W. Jackson, who retires shortly.

★

N. M. ROTHSCHILD AND SONS has formed a subsidiary company, N. M. Rothschild International Asset Management to provide investment management services to U.S. clients in respect of non-U.S. securities. The officers of the company are: Mr. Nicholas McAndrew, chairman, Mr. James Heyworth-Dunne, managing director, Mr. Nicholas Eeley, director and Mr. Adrian King, company secretary.

★

Mr. E. J. Symons, deputy chairman and senior finance director of BAT Industries, has been appointed to the Board of THE WIGGINS TEAPE GROUP.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1978							
4th qtr.	110.3	103.1	103	111.7	273.0	1,340	230
1979							
1st qtr.	109.6	102.1	102	110.1	276.5	1,351	234
2nd qtr.	115.3	107.7	102	116.6	297.5	1,299	256
3rd qtr.	113.1	103.1	102	109.9	300.6	1,269	247
4th qtr.				112.4	314.8	1,286	230
August	112.0	101.6	102	111.4	304.4	1,265	246
Sept.	110.9	100.0	101	109.8	302.4	1,264	243
Oct.	112.3	103.3	101	111.3	309.6	1,282	237
Nov.	113.5	104.7		113.6	317.5	1,282	234
Dec.				112.4	316.9	1,294	219
1980							
Jan.						1,339	207

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1978							
3rd qtr.	108.4	99.0	122.7	100.2	99.2	103.7	23.0
4th qtr.	106.0	96.9	124.0	96.9	99.0	102.4	20.2
1979							
1st qtr.	105.5	98.8	126.3	98.3	98.8	99.1	12.9
2nd qtr.	109.3	103.3	133.4	102.9	110.7	103.6	21.3
3rd qtr.	105.6	95.6	132.6	94.6	105.1	101.3	20.7
July	108.0	102.0	136.0	102.0	115.0	101.0	22.6
August	105.0	95.0	131.0	93.0	93.0	100.0	18.3
Sept.	104.0	90.0	131.0	88.0	107.0	103.0	21.2
Oct.	105.0	98.0	130.0	96.0	100.0	98.0	20.9
Nov.	107.0	99.0	131.0	98.0	100.0	100.0	19.2

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£bn); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1978							
4th qtr.	123.9	112.9	−0.039	+0.614	−480	106.9	18.77
1979							
1st qtr.	109.4	117.2	−1.610	−1.238	−234	108.0	18.78
2nd qtr.	136.7	131.4	−0.682	−0.575	−227	107.9	21.69
3rd qtr.	132.3	129.5	−0.406	−0.220	−166	108.5	23.18
4th qtr.	132.8	129.1	−0.535	−0.385	−177	106.1	22.54
Sept.	132.0	129.3	−0.185	−0.123	+ 8	107.1	22.75
Oct.	128.6	134.1	−0.418	−0.368	− 85	106.4	22.49
Nov.	133.7	125.0	−0.045	+0.005	− 12	106.1	22.42
Dec.	136.1	128.1	−0.072	−0.022	−104	105.7	22.72
1980							
Jan.							22.71

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1978							
4th qtr.	14.9	11.9	8.6	+1,774	878	1,584	12½
1979							
1st qtr.	7.6	9.3	32.6	+1,524	777	1,881	13
2nd qtr.	9.7	17.2	28.5	+2,705	777	1,867	14
3rd qtr.	11.5	9.9	13.2	+2,414	933	1,879	14
4th qtr.	4.6	12.1	16.2	+3,040	839	1,953	17
Sept.	11.5	9.9	13.2	+ 925	411	616	14
Oct.	15.7	15.1	14.6	+1,550	544	663	14
Nov.	6.3	13.1	19.1	+1,257	134	698	17
Dec.	4.6	12.1	16.3	+ 253	161	592	17
1980							
Jan.							17

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1978							
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.69	62.7
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.83	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.1	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.		182.1	183.1	237.6	237.2	295.13	68.8
August	153.3	169.1	176.3	230.9	231.8	290.04	71.4
Sept.	153.6	172.5	178.2	233.2	232.6	301.66	69.8
Oct.	158.1	178.1	180.3	235.6	234.8	291.34	68.4
Nov.	162.2	181.5	186.1	237.7	237.0	297.22	68.4
Dec.		186.7	183.0	239.4	239.9	295.13	69.7
1980							
Jan.						308.69	71.8

* Not seasonally adjusted.

CURRENCIES, MONEY and GOLD

Pound improves

Attention centred on the rise in sterling in currency markets yesterday. As the prospect of any imminent fall in MLR receded, so speculative demand increased, and the Bank of England was active in the market to prevent any sharp movements. The pound's trade weighted index rose to 73.0, its highest level since July last year, and compared with Tuesday's level of 72.5, and 71.7 a week ago. Against the dollar it opened at $2.2940-2.2950 and rose quite quickly to $2.3010. Intervention by the Bank saw the rate fall back to $2.2985 around noon, but as New York entered the market and trading in European centres petered out, the dollar was sold to push up sterling to $2.3160. Support for the dollar by the Federal Reserve Bank saw sterling close at $2.3120-2.3130, a rise of 2.2c from Tuesday's close.

The dollar suffered a fairly sharp reverse after its steadier trend over the last week or so, mainly as interest switched to sterling. Several central banks intervened from time to time to support the U.S. unit, but it finished only slightly above its worst levels of the day. Against the D-mark it closed at DM 1.7325 compared with DM 1.7420 and SwFr 1.6050 against SwFr 1.6240 in terms of the Swiss franc. The Japanese yen attracted little interest and showed a slight loss, with the dollar quoted at Y240.10 against Y239.90. On Bank of England figures, the dollar's trade weighted index fell to 84.9 from 85.1.

D-Mark — Very strong, but remaining steady within the European Monetary System recently — Trading was dominated by the rise in sterling, with speculative demand pushing it up to DM 4.0020 at the fixing compared with DM 3.9970 previously. The dollar showed very little change at DM 1.7414 against DM 1.7432. Elsewhere the D-mark showed an overall loss, with the French franc rising to DM 42.695 from DM 42.68 per FFr 100, and the Dutch guilder at DM 90.57 per Fl 100 from DM 90.515.

Danish krone — Basically weak, suffering two devaluations since the EMS began last March—The krone was slightly weaker in terms of its EMS partners, with the D-mark rising to DKr 3.1290 from DKr 3.1285 and the French franc firmer at DKr 1.3365 compared with DKr 1.3360.

French Franc—Strongest EMS currency since December—The dollar fell to FFr 4.0780 from FFr 4.0835 at the fixing while sterling rose from FFr 9.3705 to FFr 9.3725. EMS currencies were generally firmer against the franc.

DUTCH GUILDER—Steadier in recent weeks, but near top of EMS—The guilder was firmer against most currencies at yesterday's fixing, with the D-mark at Fl 1.1044 against Fl 1.1050, and the French franc down at Fl 47.115 per FFr 100 against Fl 47.18.

BELGIAN FRANC—Generally weakest member of EMS, but resists devaluation—The Belgian franc improved against most currencies with the only notable exception being sterling, which rose to BFr 64.95 at the fixing from Tuesday's level of BFr 64.925. The D-mark fell to BFr 16.234 from BFr 16.24675 and the French franc was weaker at FFr 6.92725 against FFr 6.9335. The Irish punt eased to BFr 60.10 from BFr 60.11, and the lire was sharply down at BFr 3.4975 per L100 against BFr 3.508.

JAPANESE YEN—Energy problems reflected in sharp decline last year, but steadier recently—Trading was dull and uneventful throughout, and the dollar finished at Y240.35, up from Tuesday's level of Y239.875.

THE POUND SPOT AND FORWARD

Feb. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2940-2.3160	2.3120-2.3130	0.93-0.83c pm	4.57	1.90-1.80 pm	3.20
Canada	2.6585-2.6840	2.6795-2.6805	1.08-0.98c pm	4.61	2.45-2.35 pm	3.58
Nethlnd.	4.40-4.40	4.42¼-4.43¼	2½-1½c pm	5.76	6½-5½ pm	5.76
Belgium	64.75-65.25	65.10-65.20	20-10c pm	2.76	50-40 pm	2.76
Denmark	12.48-12.56	12.54-12.55	2-4ore dis	−2.87	7-9 dis	−2.55
Ireland	1.0795-1.0855	1.0810-1.0820	0.06-0.15p dis	−1.11	0.17-0.27dis	−0.81
W. Ger.	3.98½-4.02½	4.00½-4.01½	3½-2½pf pm	9.35	9½-8½ pm	8.73
Portugal	115.00-116.20	115.85-116.05	15c pm-35 dis	−1.03	par-100 dis	−1.72
Spain	151.60-153.05	152.90-153.00	10-60c dis	−2.74	45-145 dis	−2.48
Italy	1,863-1,868	1,864-1,865	1 lire pm-1 dis	—	7¼-9¼ dis	−1.82
Norway	11.18-11.25	11.23½-11.24½	7-5ore pm	6.41	17½-15½ pm	5.96
France	9.35-9.39½	9.37½-9.38½	4½-3½c pm	5.43	11½-10½ pm	4.63
Sweden	9.54-9.61	9.59½-9.60½	3½-1½ore pm	2.81	7½-6½ pm	2.60
Japan	548-558	554½-555½	5.00-4.75y pm	10.54	12.50-12.25pm	8.82
Austria	28.63-28.88	28.80-28.85	25-15gro pm	8.33	65-55 pm	8.33
Switz.	3.70½-3.74½	3.70½-3.71½	4½-3½c pm	12.93	11½-10½ pm	11.72

Belgian rate is for convertible francs. Financial franc 66.55-66.65. Six-month forward dollar 2.72-2.62c pm, 12-month 4.35-4.15c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2940-2.3160	2.3120-2.3130	0.93-0.83c pm	4.57	1.90-1.80 pm	3.20
Ireland†	2.1240-2.1325	2.1310-2.1320	1.00-0.90c pm	5.35	2.20-2.10 pm	4.03
Canada	1.1581-1.1598	1.1591-1.1594	0.12-0.09c pm	1.09	0.15-0.12 pm	0.46
Nethlnd.	1.9135-1.9240	1.9225-1.9240	0.32-0.27c pm	1.84	1.28-1.23 pm	2.61
Belgium	28.12-28.28	28.16-28.18	3-4½c dis	−1.60	5-4½ dis	−0.53
Denmark	5.4275-5.4450	5.4285-5.4300	5.00-3.50ore dis	−7.18	7.65-8.15dis	−5.82
W. Ger.	1.7310-1.7430	1.7320-1.7330	0.75-0.65pf pm	4.85	2.45-2.35 pm	5.54
Portugal	50.05-50.20	50.05-50.15	13-23c dis	−4.30	40-70 dis	−4.38
Spain	66.11-66.20	66.11-66.14	25-40c dis	−5.90	85-105 dis	−5.75
Italy	807.10-807.85	807.10-807.40	3-4 lire dis	−6.20	10½-12 dis	−5.64
Norway	4.8625-4.8780	4.8625-4.8635	0.75-0.25ore pm	1.23	3.45-2.95 pm	2.63
France	4.0630-4.0800	4.0630-4.0650	0.52-0.42c pm	1.39	1.70-1.60 pm	1.62
Sweden	4.1500-4.1600	4.1516-4.1525	0.20-0.40ore dis	−0.87	0.30-0.50dis	−0.38
Japan	239.50-240.25	240.05-240.15	1.20-1.05y pm	6.62	3.40-3.25	5.54
Austria	12.463-12.491	12.463-12.468	4.80-4.20gro pm	4.33	17.25-15.25pm	5.21
Switz.	1.6030-1.6240	1.6045-1.6065	1.19-1.12c pm	8.63	3.50-3.43 pm	8.63

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Feb. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.575880	0.525666
U.S. $	12	1.51660	1.48522
Canadian $	14	1.00846	1.56286
Austria Sch.	5¼	16.4597	17.8204
Belgian F.	10½	37.6594	40.5601
Danish K.	11	7.16815	7.60962
D'Mark	7	2.28558	2.48766
Guilder	9½	2.55588	2.76585
French Fr.	9½	5.52953	6.85184
Lira	15	1063.55	1158.40
Yen	6¼	316.486	345.572
Norwgn. Kr.	9	6.46819	7.00168
Spanish Pta.	8	87.0088	94.7646
Swedish Kr.	9	5.47929	5.95678
Swiss Fr.	2	2.14295	2.25886

CURRENCY MOVEMENTS

Feb. 6	Bank of England Index	Morgan Guaranty changes %
Sterling	73.6	−32.2
U.S. dollar	84.8	−8.5
Canadian dollar	81.5	−16.5
Austrian schilling	157.5	+96.4
Belgian franc	115.4	+15.5
Danish kroner	108.5	−3.5
Deutsche mark	183.0	+49.3
Swiss franc	201.5	+81.2
Guilder	126.3	+19.8
French franc	102.7	−6.7
Lira	55.0	−48.8
Yen	117.5	+15.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 6	£	$		Note Rates
Argentina Peso	3836-3856	1660-1670	Austria	28.60-28.85
Australia Dollar	2.0640-2.0660	0.6015-0.6025	Belgium	66.10-66.60
Brazil Cruzeiro	100.54-101.64	43.60-43.90	Denmark	12.55-12.59
Finland Markka	8.52-8.53	3.7000-3.7060	France	9.33-9.43
Greek Drachma	87.106-89.176	38.15-38.35	Germany	3.96-4.015
Hong Kong Dollar	11.145-11.185	4.8670-4.8700	Italy	1880-1880
Iran Rial	n/a	n/a	Japan	551-556
Kuwait Dinar(KD)	0.621-0.631	0.2722-0.2723	Netherlands	4.41-4.45½
Luxembourg Frc.	65.10-65.20	28.16-28.18	Norway	11.20-11.27
Malaysia Dollar	5.0000-5.0180	2.1785-2.1795	Portugal	113½-116½
New Zealand Dlr.	2.3295-2.3445	1.0120-1.0132	Spain	151½-156
Saudi Arab. Riyal	7.68-7.78	3.3385-3.3515	Sweden	9.56-9.62
Singapore Dollar	4.9490-4.9660	2.1550-2.1540	Switzerland	3.71½-3.75½
Sth. African Rand	1.8650-1.8640	0.8185-0.8190	United States	2.297-2.306
U.A.E. Dirham	8.56-8.65	3.7415-3.7445	Yugoslavia	48½-50½

Rate given for Argentina is free rate. * Indication only.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5205	+1.84	+1.36	±1.53
Danish Krone	7.72336	7.61056	+1.15	+0.65	±1.64
German D-Mark	2.48208	2.49838	+0.66	+0.17	±1.125
French Franc	5.84700	5.84856	+0.03	−0.45	±1.3557
Dutch Guilder	2.74362	2.75844	+0.54	+0.06	±1.512
Irish Punt	0.668201	0.675875	+1.15	+0.67	±1.668
Italian Lira	1157.79	1161.73	+0.34	+0.34	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb. 6	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.313	4.010	608.0	9.383	3.715	4.428	1866.	2.680	65.15
U.S. Dollar	0.458	1.	1.734	240.0	4.057	1.605	1.616	806.3	1.156	28.17
Deutschemark	0.246	0.577	1.	128.4	2.340	0.926	1.104	465.0	0.668	16.25
Japanese Yen 1,000	1.802	4.167	7.226	1000.	16.91	6.686	7.977	3358.	4.829	117.4
French Franc 10	1.066	2.466	4.274	591.5	10.	3.957	4.719	1987.	2.854	69.44
Swiss Franc	0.269	0.623	1.080	149.5	2.527	1.	1.193	503.2	0.722	17.55
Dutch Guilder	0.226	0.523	0.906	125.4	2.119	0.836	1.	421.1	0.605	14.71
Italian Lira 1,000	0.536	1.240	2.151	297.7	5.059	1.991	2.378	1000.	1.437	34.94
Canadian Dollar	0.375	0.865	1.496	207.1	3.501	1.385	1.652	696.7	1.	24.31
Belgian Franc 100	1.535	3.550	6.156	851.9	14.40	5.698	6.796	2862.	4.114	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.05-14.15 per cent; three-months 14.40-14.50 per cent; six months 14.45-14.55 per cent; one year 13.80-14.00 per cent.

Feb. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	17¼-17¾	15-15¼	16¼-13¾	10¼-10¾	2-3¼	7¾-7¾	12-12¼	12-15	[illegible]	7¼-7½
7 days' notice	17¼-17¾	15-15¼	13½-15¼	11½-11¾	4¼-0	8-8¼	12-12¼	15-17½	14¼-14¼	7¼-7½
Month	17¼-18	15-15¼	13¼-15¼	11¼-11¼	5½-5¼	8¼-8¼	12½-12½	17½-18¼	14¼-14¼	8¼-8¼
Three months	17¼-18	14¼-14¼	14¼-14¼	11½-11½	5¼-5¼	8¼-8¼	13¼-13¼	17¼-18½	14¼-14¼	8¼-8¼
Six months	17¼-17¼	14¼-14¼	14¼-14¼	11¼-11¼	5¾-5⅞	8⅛-8⅞	15⅛-12¼	18¼-20	14⅜-14⅛	8⅛-8⅝
One year	18¼-18½	14⅛-14⅜	13¼-15⅝	11⅛-11⅝	5¾-5⅞	8½-8⅝	15¼-15½	20-01	13⅞-14	8⅝-8⅝

Long-term Eurodollar two years 13-13¼ per cent; three years 12¾-12⅞ per cent; four years 12⅝-12¾ per cent; five years 12¾-12⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

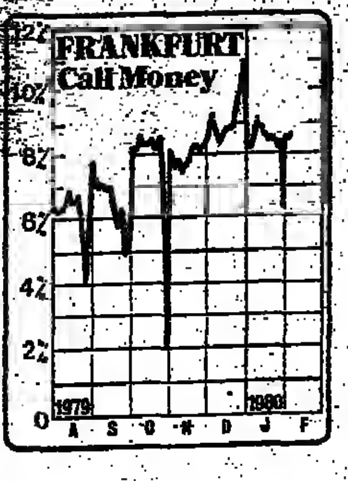
Dutch rates steady

Conditions seem unlikely to change significantly in the Dutch money market during the next week or so, providing the authorities announce further moves to help liquidity over the current three-month banking quota period that expires on February 21. The current special advance to the banking system of Fl 890m runs out on Monday, and is expected to be replaced by another facility or increased liquidity through currency swaps. On present estimates less than Fl 1bn should be enough to help the money market through the remainder of the tax paying season.

The funding situation also appears very tight for the Government, although the Treasury's balance improved from zero to Fl 826m last week. This represented tax payments and drawings on the International Monetary Fund, while further tax money and the proceeds of a Fl 650m bond issue will continue to help the position, while another Treasury bill issue is expected in the next few weeks.

In Paris yesterday call money rose to 12¼ per cent from 12 per cent, but period rates had a slightly softer tone.

In Frankfurt call money also firmed, to 8.60-8.70 per cent from 8.50-8.60 per cent, and term rates tended to rise.



GOLD

Sharp rise

Gold rose $32 an ounce in the London bullion market yesterday to close at $715-720. The metal opened at $681-686 and rose to a morning fixing of $696.00. The metal then moved above the $700 level as speculative demand increased ahead of yesterday's IMF auction. The afternoon fixing showed a further rise at $709.00, and the metal continued to improve to finish at around its best level for the day.

In Paris the 12½ kilo bar was fixed at FFr 89,500 per kilo ($682.61 per ounce) compared with FFr 88,495 ($674.41) in the morning and FFr 86,000 ($655.0) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 38,730 per kilo ($696.00 per ounce) against DM 37,245 ($661.25) previously.

	February 6		February 5	
Gold Bullion (fine ounce)				
Close	$715-720	(£308¾-311)	$683-688	(£298-300½)
Opening	$681-686	(£296½-298¾)	$662-667	(£288¾-291¼)
Morning fixing	$688	(£306.635)	$661.25	(£288.718)
Afternoon fixing	$709	(£307.059)	$668	(£267.817)
Gold Coins				
Krugerrand	$717-728	(£308½-318½)	$687-693	(£300-303)
Mapleleaf	$717-728	(£309½-310½)	$687-693	(£300-305)
New Sovereigns	$176-178	(£70½-77½)	$168-173	(£73-76)
King Sovs.	$177-180	(£70½-78½)	$172-177	(£76-78)
Victoria Sovs.	$178-181	(£77-80)	$175-178	(£75½-78½)
Fr 20 Napoleon	FFr 705-715	(SFr245-255)	FFr665-705	(SFr240-250)
50 pesos Mexico	$890-905		$840-850	
100 Cor. Austria	$690-700		$660-670	
$20 Eagles	$790-800		$750-760	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Further shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit remained in slightly short supply in the London money market yesterday and the authorities helped the discount houses balance their books with a small amount of assistance. The Bank of England bought a small number of Treasury bills from the houses, and a small amount of local authority bills from the houses and banks. The help was completed by purchases of eligible bank bills, which will be resold to the market at a fixed future date.

The market was helped by a moderate excess of Government disbursements over revenue payments to the Exchequer, but this was outweighed by small run down balances brought forward by the banks; a small net take-up of Treasury bills; the call of £170m on British Petroleum shares; repayment of the small amount borrowed from the authorities on Tuesday; and resale to the market of a small number of eligible bank bills.

Discount houses paid around 16¾ per cent for secured call loans at the start, but rates declined to 15½-16 per cent at the close.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Feb. 6 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16¾-17	—	—	—	17½	16½-17	—	—	—
2 days notice	—	—	17⅛-17⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅛-17⅜	17¾-18	—	18⅛	17¾-17⅞	16¾-17	—	—	—
One month	17¾-17⅞	17½-17¾	17⅞-18	18-18¼	18¼	17¾-17⅞	16¾-17	15¾-16	17⅛	18
Two months	17⅛-17⅛	17⅞-18	17¾-17⅞	18⅛-18¼	18⅛	18-18¼	16⅛	16⅛-16⅜	17⅛	17¾
Three months	17⅛-17¾	17⅞-18	17½-17⅞	18⅛-18¼	18⅛	17⅞	16¾	16⅛-16⅜	17⅛	17⅝
Six months	16⅝-17	16⅛-17¼	16⅝-16⅞	17½-17⅞	17⅝	—	—	—	16⅛	16¾
Nine months	16⅛-16⅛	16⅛-16⅝	—	16½-17¼	16½	—	—	—	—	—
One Year	15⅛-16	15⅝-16	16¼-16½	16¼-16¾	16⅝	—	—	—	—	—
Two years	—	—	—	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 15½-15¾ per cent; four years 15½-15¾ per cent; five years 15½-15¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅝ per cent; four-month trade bills 17¼ per cent.

Approximate selling rates for one-month Treasury bills 15¾-15⅝ per cent; two-months 15⅜-16⅛ per cent; three-months 16⅛ per cent. Approximate selling rate for one-month bank bills 17⅛ per cent; two-months 17⅛ per cent; three-months 17⅛ per cent; one-month trade bills 17¾ per cent; two-months 17¾ per cent and three-months 17⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from February 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1659 per cent.

MONEY RATES

NEW YORK	
Prime Rate	15¼
Fed. Funds	17½
Treasury Bills (13-week)	12.28
Treasury Bills (26-week)	12.17
GERMANY	
Discount Rate	6
Overnight Rate	8.65
One month	8.65
Three months	8.95
Six months	8.85
FRANCE	
Discount Rate	9.5
Overnight Rate	12.25
One month	12.0625
Three months	12.1875
Six months	12.4375
JAPAN	
Discount Rate	6.25
Call (Unconditional)	8.125
Bills Discount (three-month)	8.625

EUROPEAN OPTIONS EXCHANGE

Series	April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C F.360	5	3	10	4	—	—	F.357
AKZ C F.20.50	102	5	10	4	56	4.70	F.25.70
AKZ C F.25	167	1.50	204	1.90	28	3.10	
AKZ C F.27.50	181	0.60	135	0.90	—	—	
AKZ C F.30	51	0.20	140	0.50	1	1.70	
AKZ P F.25	168	0.50	60	1	25	1.70	
AKZ P F.27.50	150	2.40	20	2	—	—	
...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BA C $60	8	1	8¼	9	12	6	15¼;$108½
BLS C $100	1						
GM C $60	—	—	—	—	10		61½;$54¾

March / June / Sept.

TOTAL VOLUME IN CONTRACTS 2627

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
Amro Bank	17 %
American Express Bk.	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½%
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
Brown Shipley	17 %
Canada Perm't Trust	17 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	18½%
First Nat. Secs. Ltd.	18 %
Robert Fraser	18 %
■ Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
■ Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½%
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	18½%
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½%
Williams & Glyn's	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%. 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

COMPANY NOTICES

NIPPON MEAT PACKERS, INC. (CDRs)

[illegible]

117 GROUP FUND S.A. In voluntary liquidation

[illegible]

NACIONAL FINANCIERA

[illegible]

WESTMINSTER BANK BEARER CERTIFICATES REPRESENTING SHARES OF THE ORDINARY CAPITAL STOCK OF CANADIAN PACIFIC LIMITED

[illegible]

INTERFRIGO

[illegible]

LEGAL NOTICES

SUMMONS

Case Number 79-C-1002

United States District Court

[illegible]

Signed: RUTH W. LA FAVE, Clerk of Courts.

First Chicago International Banking Corporation, Plaintiff, By Robert J. Berden and Whyte & Hirschboeck, S.C., 2100 Marine Plaza, Milwaukee, WI 53202.

PUBLIC NOTICES

BOROUGH OF GREAT YARMOUTH

[illegible]

LEICESTER CORPORATION BILLS

[illegible]

ST. HELENS BOROUGH COUNCIL BILLS

[illegible]

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. [illegible]

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW [illegible]

NORTH AMERICAN NEWS

Pan Am blames fuel costs for sharp fall in earnings

BY DAVID LASCELLES IN NEW YORK

PAN AM, the major U.S. airline, extended the series of disappointing U.S. airline results yesterday by reporting sharply lower earnings for 1979.

Net income was $76.1m or $1.07 per share, down 36 per cent on the $118.8m or $2.31 earned in 1978. But operating revenues were up 13 per cent to $2.48bn. Pan Am also reported that it had made a loss in the fourth quarter of $12.9m, compared to a loss in the same period of 1978 of $4.6m. Operating revenues in the quarter were up 18 per cent.

Pan Am blamed most of the deterioration on sharply higher fuel costs, which rose 50 per cent. Operating costs as a whole were $2.4bn, an increase of 17 per cent on the year.

Mr. William Seawell, chairman, also blamed weakening traffic in the fourth quarter along with the lack of fare relief from the Governmental agencies though he believed the Civil Aeronautics Board has recently begun to recognise the problem. He added: "We do not begin 1980 under favourable circumstances, but we hope to see improvement during the year."

Pan Am's results do not include figures from National Airlines, which was only merged into the company on January 1, 1980.

Unilever acts on U.S. losses

BY IAN HARGREAVES IN NEW YORK

UNILEVER yesterday took what looks like the first of several steps to stem losses at Lever Brothers, its U.S. subsidiary.

Mr. Michael Angus, aged 49, the British-born Unilever director who for the past year has supervised Unilever's North American operations, is to join the Lever Brothers board as chairman.

Mr. Thomas Carroll, aged 60, chairman and chief executive of Lever Brothers since 1967, is to retire immediately.

Lever also said that its three main marketing divisions—household products, personal products and foods — would become separate operating units, each with its own president.

The presidents were not named, however. Nor was Lever's next chief executive. It has not yet been decided whether Mr. Angus will take that post.

There has been speculation for many months that Unilever was ready to act to restore profitability at Lever which in 1978, the last year for which figures are available, lost $11m (£4.8m) on sales of more than $860m.

Lever has struggled in the face of competition with the much larger Proctor and Gamble, and two years ago announced a big capital spending programme designed to improve manufacturing efficiency

Columbia back on the upgrade

BY OUR NEW YORK STAFF

COLUMBIA PICTURES, which for some months has been at the centre of a shareholders' power struggle, appears to be enjoying a return to box office success and a consequent improvement in profits.

In its second fiscal quarter ended on December 31, 1979, Columbia reported earnings of $7.2m against $5.7m from continuing operations on sales up by 34 per cent to $164m.

This followed a first quarter in which the poor reception of Columbia's releases held back earnings. For the first six months, earnings were down from $18m to $16.2m. Revenue was up by 23 per cent to $297m.

Columbia's recent film releases include Kramer versus Kramer—which has won a number of awards for its star, Dustin Hoffman—Justice for All and Electric Horseman.

On the shareholder front, Mr. Kirk Kerkorian, the financier who controls almost half of Metro Goldwyn Meyer and who has spent much of the past year seeking to increase his Columbia stake from 25 to 37 per cent, announced two weeks ago that he had abandoned the plan because of opposition from Columbia management.

Insurance groups show growth

BY OUR FINANCIAL STAFF

SEVERAL members of the U.S. insurance industry reported higher 1979 earnings. Reliance Group said that income from continuing operations reached $66.9m or $6.80 a share, up 14 per cent on the $58.8m or $5.19 earned in 1978. Revenues rose slightly, from $1.13bn to $1.27bn. Fourth quarter earnings advanced 19 per cent to $19.7m or $2.15 a share on revenues of $344.4m.

Mr. Saul Steinberg, chairman, attributed the improvement to a significant gain in fourth quarter net investment income, and a better performance by the company's life insurance subsidiaries.

American General Insurance, the large Texas-based property-casualty and life insurer, said income for the year was $165.5m or $6.60, up from $148.6m or $6.31 in 1978. Fourth quarter earnings rose from $40.4m or $1.72, to $46.7m or $1.83.

Earnings were also higher at Frank B. Hall, one of the largest U.S. insurance brokers. Fourth quarter net income was $5.5m or 58 cents per share compared with $4.5m or 48 cents in the same period of 1978. Earnings for the full year were $27.5m or $2.91, an increase of 21 per cent on the $22.7m or $2.42 earned in 1978.

AMERICAN QUARTERLIES

H. F. AHMANSON

	1979	1978
Fourth quarter	$	$
Revenue	323.9m	270.3m
Net profits	29.25m	29.65m
Net per share	1.28	1.30
Year		
Revenue	1.21bn	1.02bn
Net profits	117.14m	117.44m
Net per share	5.11	5.13

CLARK OIL & REFINING

	1979	1978
Fourth quarter	$	$
Revenue	332.0m	266.0m
Net profits	13.2m	8.8m
Net per share	1.83	1.26
Year		
Revenue	1.18bn	967.0m
Net profits	41.7m	14.5m
Net per share	5.79	2.04

FORT HOWARD PAPER

	1979	1978
Fourth quarter	$	$
Revenue	83.7m	82.5m
Net profits	15.47m	14.89m
Net per share	1.15	1.11
Year		
Revenue	342.5m	296.4m
Net profits	59.84m	50.94m
Net per share	4.45	3.79

WALTER E. HELLER INTNL.

	1979	1978
Fourth quarter	$	$
Revenue	179.3m	133.5m
Net profits	11.18m	9.49m
Net per share	0.94	0.81
Year		
Net profits	40.36m	34.86m
Net per share	3.40	2.87

JOHNS-MANVILLE

	1979	1978
Fourth quarter	$	$
Revenue	619.6m	454.4m
Net profits	20.89m	34.33m
Net per share	0.94	1.58
Year		
Revenue	2.3bn	1.68bn
Net profits	91.05m	121.6m
Net per share	4.13	5.62

NORTON CO.

	1979	1978
Fourth quarter	$	$
Revenue	295.0m	255.6m
Net profits	13.65m	13.87m
Net per share	0.84	0.83
Year		
Revenue	1.13bn	959.9m
Net profits	80.22m	61.95m
Net per share	4.89	3.78

REVERE COPPER AND BRASS

	1979	1978
Fourth quarter	$	$
Revenue	195.2m	179.7m
Net profits	5.29m	†4.06m
Net per share	0.93	0.71
Year		
Revenue	788.1m	680.8m
Net profits	25.71m	13.04m
Net per share	4.50	†3.36

†Loss

UNITED GUARANTY

	1979	1978
Fourth quarter	$	$
Net profits	3.57m	3.49m
Net per share	0.74	0.73
Year		
Net profits	15.05m	13.74m
Net per share	3.11	2.85

UNITED TELECOM

	1979	1978
Fourth quarter	$	$
Revenue	482.0m	407.6m
Net profits	42.29m	44.97m
Net per share	0.60	0.65
Year		
Revenue	1.79bn	1.51bn
Net profits	181.28m	158.39m
Net per share	2.60	2.47

U.S. INFLATION

A call for help from the Fed

BY STEWART FLEMING IN NEW YORK

MR. PAUL VOLCKER, the Federal Reserve Board chairman, in a statement to the Joint Economic Committee of Congress last week, urged that the U.S. develop a series of co-ordinated policies to attack inflation.

This is certainly not the first time that such exhortations have been issued and for that reason they are easily overlooked. The evidence is mounting, however, that a critical pass is being approached in the U.S. anti-inflation policy, and that unless something new is done even a 13 per cent rate of consumer price increase could look modest in a year or two.

Such fears account for the dizzying slide in bond prices this year, a collapse which is now more precipitate than the slump which hit the market in the wake of last October's "Volcker Package," and which has sent bond yields soaring to unprecedented levels.

Behind the bond market collapse is the growing conviction that the Federal Reserve may have reached the limits, both political and economic, to which monetary policy can be pushed in order to contain inflation, and that these limits are destined to prove inadequate when measured against the inflationary forces that lie ahead, most notably the planned expansion of government spending contained in President Carter's budget.

Chief culprits

One view of the inadequacy of monetary policy alone to curb inflation is that the prime sources of inflation are not susceptible to the monetary medicine. Mr. William Griggs of Schroders in New York, for example, points out that rising energy, food and housing costs are among the chief culprits and that there is little reason to believe that anything short of a Draconian—and politically unacceptable—credit squeeze will do much to contain these pressures.

Moreover, even if such strong medicine were to be swallowed in Washington to the extent that tighter money hits capital spending, it would only exacerbate already adverse productivity trends and further damage small and medium sized businesses (and some large ones), to whom the availability of credit is less important than its 18-19 per cent price tag.

Once you accept that monetary policy alone is reaching, or has reached, the limits of its usefulness in tackling the immediate inflation problem, then it would seem that Mr. Volcker and his colleagues on the Federal Reserve Board's Open Market Committee are in something of a bind—left with a prayer but diminishing hope.

The prayer is that the economy is slowing under the weight of the monetary policy steps already taken and that inflation will also subside. The area of diminishing hope is that this slowdown will have the necessary impact on inflation.

First, the consumer's reluctance to stop spending and start saving again in the face of an economic slowdown seems minimal. This is the reason for the spreading conviction that even if there is an economic slowdown, it will be so slight as to make only a marginal impact on prices.

But a more fundamental, and longer term problem is the Administration's budget projections to 1985. Earlier this week the Shadow Open Market Committee, a group of monetarist economists who have been pressing for a greater monetarist orientation in Fed policy, gave its deliberations a new twist.

Budget cuts

Feeling that Mr. Volcker appears to be accepting some of their basic strictures, and reluctant therefore to criticise him, the group is now putting much greater emphasis on the conflict between fiscal and monetary policy in the years to 1985. It suggests that monetary and fiscal policy are now in such conflict that if monetary policy is to achieve the long-term goal of slowing inflation, budget cuts will also be necessary. This is not primarily because of rising defence spending but because of the growing burden of transfer payments through the social security system, as a result of the ageing of the American population.

Broader policy

No wonder then that Mr. Volcker is calling for a broader anti-inflation policy and one less dependent on the Fed's actions. He must be as aware as everybody else that the Administration's voluntary wage and price guideline programme has been neutered by political pressures and that its head, Mr. Alfred Kahn, is among the nation's loneliest figures.

He is also, no doubt, more aware than most of his countrymen that the U.S. economy can live only for a limited period with double-digit inflation before the underlying conflicts between regulations and systems designed in the days when inflation ran at 2-3 per cent begin to seriously distort the economy.

El Paso makes good headway

By Our Financial Staff

EL PASO, the Houston-based oil, gas and chemicals holding company, increased its net earnings for the whole of 1978 by more than 160 per cent despite a final quarter setback.

Net earnings for the full year rose to $138.1m, or $2.99 a share, from $50.4m, or $1.13 a share, in 1978, on turnover of $3.09bn, against $2.03bn.

In the fourth quarter net profits fell to $27.6m, or 59 cents a share, from $36.8m, or 82 cents, in the comparable period of 1978, although revenue was up, from $581.4m to $906m.

The company said that the fourth quarter setback was caused primarily by a "substantial reduction" in liquefied natural gas deliveries (LNG) to the receiving terminal at Cove Point, Maryland, because of an accident there in October. Deliveries had since been restored to normal levels.

El Paso forecast a "modest increase" in 1980 earnings, mainly resulting from the continual gradual build-up of deliveries under its Algerian LNG project.

It said earnings from chemical operations were expected to be affected by cost increases in certain key feedstocks which may not be fully recovered by increased prices.

AT & T lifts income by 7%

By Our Financial Staff

THE BELL SYSTEM and electronics group, American Telephone and Telegraph Company lifted its net earnings last year by 7 per cent to $5.67bn despite a 14 per cent climb in operating costs to $30.2bn. Per share earnings came to $8.04 compared with $7.74 in 1978 and AT & T described its performance as "creditable." Revenues were $45.4bn compared with $41.0bn in 1978.

The company said that the demand for Bell services continued to be strong

Ford cuts output in France

By Terry Dodsworth in Paris

FURTHER MEASURES to reduce output in the French motor industry have been announced by Ford, the U.S.-based group, which is putting some of its Bordeaux transmission manufacturing plant onto part time working.

The decision will affect 2,700 of the company's 4,000 workers who have been guaranteed some 90 per cent of their normal monthly salaries. Production will be cut back in the period between February 18 and the end of April, affecting workers for between 20 and 29 days.

Ford's action follows similar measures at Talbot and Citroen, the French vehicle manufacturers who are expecting a dip in the home market.

In the American company's case, the cutback has been caused mainly by the downturn in U.S. car sales. The greater part of the automatic gearboxes it makes in one of its plants at Bordeaux are exported to America, but demand has declined there and has been followed by a similar downturn in the big car market which uses automatic gearboxes in western Europe.

Ford's other Bordeaux factory, making front-wheel drive gearboxes for the Fiesta, is still experiencing good demand.

Profits advance at American Cyanamid

By Our Financial Staff

AMERICAN CYANAMID, the fertilizers, chemicals and medical products group, recorded 1979 fourth quarter net earnings of $45.5m, or 95 cents a share, compared with $43.9m, or 92 cents a share, in the same period of 1978.

For the year net profits were $168.5m, or $3.52 a share, compared with $155.9m, or $3.26 a share, in 1978.

The company said that all five of its divisions had improved sales in 1979, although only two, agricultural and medical, had improved earnings. Increased competition and investment spending on several consumer product lines, a reduced level of U.S. construction activity and cost-price squeezes had reduced earnings in its Formica and chemical businesses.

Setback for Grumman

By Our Financial Staff

GRUMMAN, a leading supplier of military aircraft, turned in fourth quarter earnings of $7.08m or 66 cents a share, against $3.98m or 47 cents a share in the same period of 1978. Sales were $428.3m against $350m.

Full year profits, however, declined from $19.97m or $2.43 a share to $19.57m or $2.06 a share on sales up from $1.47 bn to $1.49 bn.

The year-end order backlog was $2.5bn, up from $1.97bn a year earlier.

Pitney Bowes beats forecasts

By Our Financial Staff

PITNEY BOWES, the office equipment group which recently obtained a share quotation in London, has exceeded forecasts for 1979. Share earnings of $4.02 show a gain of 21 per cent, compared with a recent forecast of 19 per cent from Mr. Fred T. Allen, the chairman.

Net earnings for the year increased from $45.4m to $63.5m, while sales of $1bn compare with $711.3m in the previous year.

The final quarter brought net earnings of $23.4m or $1.39 a share against $15.7m or $1.15. Sales jumped from $204.5m to $312.5m.

INTERNATIONAL CAPITAL MARKETS

Dollar bonds weaken further

BY FRANCIS GHILES

"ABSOLUTE DISASTER" was how many a Eurobond dealer described the state of the dollar sector of the market at the end of a day during which straight dollar bonds posted falls of between 1½ and 3 points. The poor performance of the New York bond market since the beginning of this week, which had already hit straight dollar bond prices on Tuesday, flowed across the Atlantic with a vengeance yesterday.

Longer dated bonds were particularly hard hit, but prices fell sharply right across the maturity spectrum. Yields well above 13 per cent are now easily available and yields of over 14 per cent can be found such as on the Continental Group 9⅝ per cent to 1986 bond which offers the investor a return of 14.22 per cent at its closing price of 82-82½ yesterday.

However, even yields of 13½ are still nearly one full point below what can be obtained on three or six month dollar deposits which were yielding 14⅝ per cent and 14⅞ per cent last night.

The hard currency sectors of the market were quiet in thin trading. Prices of D-mark denominated bonds ended the day on a mixed note while Swiss franc issues posted slight gains on the day.

A SwFr 30m six year private placement for Nichi Ei has been arranged by Paribas Suisse which includes a coupon of 5¾ per cent and a price of par. Dai Ichi Kangyo Bank is guaranteeing this issue. In the sterling sector most issues shed a further ½ point on the day.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on February 6

U.S. DOLLAR STRAIGHTS

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	82⅞	83½	−1⅛	−2⅛	13.22
Alex Howden XW 9½ 81	30	74	76	0	−1	14.00
Aquitaine Can. 11¾ 85	30	93¼	93¾	−0¼	−0¼	13.11
Australian Res. 9⅞ 84	30	87¼	87¾	−1¼	−1⅛	13.47
Avco O/S Cap. 10⅞ 87	40	†78½	79	−1½	+0⅛	15.25
Beneficial Fin. 9¾ 87	100	84¾	85⅛	0	−1⅛	13.01
CECA Grad. Rate 12 86	100	93¼	94	−0½	−1½	13.46
CECA 11⅞ 90	50	91⅝	92⅛	−0⅛	−0⅛	13.10
CECA 9¾ 99	125	†77	78½	−1½	+0½	13.31
Canadian Pacific 9⅝ 89	60	83⅜	83⅞	−0¼	−1½	12.85
Carter Hawley 9¾ 86	50	84¾	85¼	−0½	−0⅞	13.34
Comalco Inv. E. 10⅛ 91	40	83	83½	−1½	−3⅛	13.13
Continental Grp. 9⅝ 89	100	83⅜	84⅛	−1½	−2½	13.57
Dome Petroleum 10 94	50	81½	81½	+0⅛	−1½	12.88
Dominion Bridge 10⅛ 84	30	88⅞	89⅜	0	−1½	13.88
EIB 11¾ 92	80	97⅞	89½	−1⅞	−2⅞	13.90
EIB 10⅛ 87	100	87⅛	87⅝	−0¼	−1	13.30
EIB 10.15 99	100	79	79½	−0⅛	−2⅞	13.57
Ekportfin 11¼ 87	50	92⅛	92⅝	−0⅛	−1½	12.97
Export Dv. Cpn. 9⅞ 84	100	88⅞	89⅜	−0⅛	−0⅞	12.74
Export Dv. Cpn. 9⅞ 84	150	89⅞	90⅛	−0⅛	−1	12.69
Finland 9⅝ 89	100	†83	84	−0⅛	−1	13.07
GTE Finance 9¾ 89	55	82⅛	83⅛	−0⅛	−3½	12.96
GMAC 9⅝ 86	100	84⅝	85⅛	+0⅛	−1½	12.84
GMAC O/S Fin. 11 84	100	92⅞	93⅜	−1⅛	−1⅞	13.01
Gould Int. Fin. 9⅞ 85	50	86⅞	87	−0⅛	−1½	13.52
ITT Antilles 9½ 89	75	80⅝	81⅛	−1½	−2⅛	13.15
Kennecott Int. 9½ 86	100	82	82½	−1⅛	−1⅞	13.89
Manitoba 9½ 89	75	81½	82	−0¼	−1½	13.03
Michelin 10 94	125	80⅝	81½	−1⅞	−3⅛	12.94
Nat. Des. Telecm. 9½ 86	100	85¾	86⅛	−0⅛	−1⅛	12.82
New Brunswick 9⅝ 94	75	78	78½	−0⅛	−2½	13.23
Newfoundland 10 84	50	80⅝	81⅛	−0⅛	−2	13.02
Norges Komm. 9⅞ 99	100	†77½	79	−1½	−3	13.37
Norway 9½ 84	150	89⅜	89⅞	−0⅛	−0⅞	12.79
Nova Scotia Pwr. 9¾ 89	60	82	82½	0	−1½	13.15
Occidental Fin. 10⅛ 84	50	90	90½	−0⅛	−1½	13.32
Orient Leasing 9½ 89	25	84½	85	−0⅛	−2⅛	13.13
Pennwalt O/S F. 9¾ 84	25	89⅛	89⅝	−0⅛	−0⅛	13.08
Pepsico Cap. 9⅝ 84	100	89⅝	89⅞	−0⅛	−1⅛	12.70
Quebec Hydro 10 89	75	76⅝	77¼	0	−2¼	13.35
Sears Roebuck 9 82	150	92⅞	93⅜	−0⅛	−0⅛	13.23
Statoil 9⅞ 89	100	82½	83	−0⅛	−1⅛	12.85
Sweden 9⅜ 89	100	82⅜	82⅞	−0⅛	−1⅛	13.08
Sweden 9½ 86	200	86¼	87¼	−0½	−1⅛	13.04
Sweden 9⅜ 84	100	89⅝	90⅛	−0⅛	−0⅞	12.71
Unilever NV 9¾ 87	100	82⅛	82⅝	−1½	−3⅛	13.07
Warner-Lambert 9 84	100	87½	88	−0⅛	−2	12.77

Average price changes... On day −0⅛ on week −1⅞

DEUTSCHE MARK STRAIGHTS

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	97⅜	98¼	0	0	8.35
Asian Dev. Bk. 7⅞ 89	100	92½	93	+0⅞	0	8.40
Barclays O'seas 8⅞ 89	100	90⅝	91¼	0	+0⅛	8.17
BFCE 7¾ 87	100	99⅜	99⅞	+0⅛	+0⅛	7.82
BFCE 8½ 85	100	97⅞	98⅜	+0¼	+0½	8.35
Brazil 8 87	150	93½	93⅞	−0⅛	+0¼	9.22
CECA 7 91	150	81⅝	82½	+0⅛	−0¼	9.11
Council of Eur. 7¾ 89	100	93⅞	94⅜	−0⅛	−0⅛	8.15
Denmark 7⅞ 86	100	97⅞	98⅜	−0⅛	+0⅛	8.31
Denmark 8¼ 92	100	98⅜	99⅛	+0⅛	+0⅛	8.38
EEC 7⅞ 84	225	97¼	97⅝	+0⅛	−0¼	8.78
EIB 7½ 89	200	95⅜	95⅞	+0¼	0	8.20
Finland, Rep. of 9 86	150	98⅞	99⅜	0	0	8.18
Kobe, City of 7⅛ 88	150	94½	95⅛	−0⅛	−0½	8.87
Neder. Gasunie 8 89	100	102	102½	0	−0⅛	7.56
New Zealand 7¾ 87	200	94⅞	95⅜	+0⅛	−0⅛	7.97
Nippon Tel. & T. 5½ 87	100	85⅞	86½	+0⅛	0	8.19
Norges Komm. 7⅞ 91	150	97½	98	−0⅛	−0½	8.05
Norway 6¾ 84	200	95½	95⅞	+0⅛	+1½	7.43
Norway 7½ 85	250	98¾	99½	0	0	7.72
OKB 8 87	40	88	89	0	0	8.23
OKB 7⅞ 89	100	96	96½	0	+0⅛	7.92
World Bank 7⅞ 91	400	95⅝	96⅛	0	+0⅛	8.30
World Bank 7⅞ 90	250	97	97⅜	+0⅛	−0⅛	8.27

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	94⅜	94⅞	+2	+1⅜	6.25
Aumar 5 89	60	†92	92½	+2	+4	5.10
Australia 3½ 89	250	89	89½	+0⅛	−1⅛	5.27
Bergen, City of 4⅞ 81	40	93	93½	+2⅛	−0⅛	6.56
BNDE 5 89	75	83⅜	83½	+0⅛	+2⅛	7.51
BMW Overseas 4¾ 91	100	91½	92½	+0⅛	+1⅛	5.18
Caisse Nat. Tels. 4½ 89	100	91⅞	91⅞	+1⅛	+1⅞	5.54
Canada 3⅝ 89	300	†88¾	88	+0⅛	+1⅛	5.18
Copenhagen 4½ 91	60	89½	89¾	+0⅛	+0¼	5.84
Council of Eur. 5 89	100	91⅝	91⅝	+0⅛	+0¼	5.78
EIB 4½ 91	100	†86	86½	+0⅛	+1	9.22
EIB 4½ 94	100	85½	86	+0⅛	+1⅛	5.85
Elec. de France 4⅝ 88	100	†91	91⅝	+1	+1	5.59
GZB 4¼ 89	100	87	87½	+0½	+2½	6.02
Hilti 4½ 91	35	93	93½	+0⅛	−1⅛	6.02
Int.-Amer. Dev. 4½ 89	100	89⅜	89¾	+0⅛	−1	5.97
Jutland Tele. 5½ 90	50	89⅜	89¾	+0⅛	+0⅛	6.57
Malaysia 5 89	80	87	87¼	+0⅛	+1½	6.82
Nippon Tel. & T. 4½ 88	100	91½	92	+1⅛	+5½	5.36
Nordic Bank 5 89	45	95⅜	95¾	−0⅛	+1⅞	5.62
Norges Komm. 4⅞ 91	100	87⅛	87⅞	+0⅞	+1½	5.91
OKB 3¾ 81	100	†85½	85¾	+2	+2⅛	6.61
OKB 4⅞ 91	100	86½	86¾	+0⅞	+1½	6.00
Oslo, City of 4⅞ 91	100	86⅝	87	+1½	+1⅛	6.96
Shikoku El. Pwr. 4⅞ 89	100	94½	95	+0½	−0⅛	5.47
Spain 4 81	100	86¼	86½	−0⅛	0	5.69
Steweag 4⅞ 81	60	93	93½	+2	+2	5.56
Voest-Alpine 4½ 89	80	92½	93	0	+1	5.77
World Bank 4⅞ 89	100	96½	97	+0½	0	5.06
World Bank 4¾ 89	150	90¼	91	+0⅞	+0¼	5.62
World Bank 4⅞ 91	100	90½	90¾	+0⅛	+0⅛	5.74

Average price changes... On day +0⅛ on week +1

YEN STRAIGHTS

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	89⅜	90⅛	−0⅛	−1	9.04
Australia 6½ 88	20	85⅛	86⅛	−0½	−0¼	8.06
EIB 7⅞ 89	12	97	98	−0⅛	−0⅛	8.12
Finland 6.8 83	10	88⅜	89⅜	−0⅛	−0⅛	9.14
Finland 8.8 88	10	87⅛	89½	−0⅛	−0¼	8.03

Average price changes... On day −0¼ on week −0¼

OTHER STRAIGHTS

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10½ 86 C$	25	†84	84½	−0⅛	−1½	14.13
Bell Canada 10⅞ 86 C$	60	89⅛	89⅝	−0⅛	−1	13.21
Cr. Foncier 10¼ 84 C$	30	88	88½	−0⅛	−1⅛	13.91
Ex. Dev. Cpn. 10 84 C$	50	88½	89	−1⅛	−2⅛	13.80
Fst. Can. Inv. 10 84 C$	50	88⅛	88½	−0⅛	−0⅞	13.73
Hudson Bay 10½ 89 C$	60	85⅛	85½	−0⅛	−1⅛	13.33
Quebec 10⅝ 86 C$	50	87⅞	89⅛	−0½	−1⅛	13.11
R. Bk. Canada 10 86 C$	40	88⅛	88⅝	−0⅛	−1	12.74
R. Bk. Canada 10 94 C$	40	82⅛	82½	0	−1⅛	12.70
Copenhagen 8⅞ 81 EUA	20	98⅞	99⅜	0	0	8.84
M. Bk. Dnmk. 9 91 EUA	25	94⅛	95⅛	+0⅛	−1	9.68
SOFTE 8⅞ 89 EUA	40	87½	88½	0	−0⅛	10.32
Algemene Bk. 8⅞ 84 Fl	75	97⅛	97⅞	−0⅛	+0⅛	8.88
Ned. Gasunie 8⅞ 84 Fl	50	88	88½	−0⅛	−0⅞	5.22
Ned. Middbk. 8⅞ 84 Fl	75	96⅞	97⅜	−0⅛	+0⅛	9.10
Norway 8⅞ 84 Fl	100	95⅛	96⅛	−0⅛	−0⅛	8.46
Norway 8⅞ 84 Fl	100	95⅛	96⅛	−0½	−0⅛	5.33
Philips Lamps 8⅞ 84 Fl	75	97⅛	97⅝	0	+1	5.03
Air France 11 84 FFr	120	96⅞	97	−0⅛	−0⅛	11.76
Euratom 9⅞ 87 FFr	160	85⅛	86⅛	−0⅛	−0⅛	12.84
Finland 11 84 FFr	80	95⅛	95⅞	−0⅛	0	12.28
Finland 11½ 89 FFr	70	94½	94⅞	−0⅛	−0⅛	12.48
Gaz de France 11 84 FFr	150	96⅝	87⅝	0	−0⅞	11.83
IBM France 11⅝ 84 FFr	120	96⅛	97⅛	0	0	12.79
Renault 9⅞ 85 FFr	100	86⅞	87⅜	−0⅛	−1⅛	13.15
Saint-Gobain 9⅞ 86 FFr	130	85⅛	86	−0⅛	−0⅛	13.23
Solvay et Cie 9⅞ 87 FFr	125	83¼	83⅞	0	−0⅛	13.64
Total Oil 9⅞ 87 FFr	150	83⅛	83⅞	0	0	13.06
EIB 11½ 91 £	25	85½	86⅛	−0⅛	−0⅞	14.03
Finance for Ind. 13 91 £	15	81⅞	92⅛	−0⅛	−4⅛	14.42
Fin. for Ind. 12½ 89 £	30	90⅝	91	−0⅛	−2⅛	14.34
Gen. Elec. Co. 12½ 89 £	50	91⅛	92½	0	−1⅛	14.07
Indonesia 8⅞ 91 KD	7	†92⅞	93⅜	0	0	8.78
Mitsubishi 7½ 84 KD	10	†95⅞	95⅞	0	0	8.70
Norges Kom. 7½ 89 KD	7	†93⅛	83⅞	0	0	8.51
Occidental 8⅞ 81 KD	7	†90⅛	90⅛	0	0	9.86
Akzo 9⅞ 87 LuxFr	500	94⅛	95⅛	−0⅛	−0⅛	10.17
Euratom 9 87 LuxFr	500	89⅞	90⅛	−0⅛	−0⅛	9.94
Euratom 9⅞ 89 LuxFr	500	99⅞	100⅛	0	+0⅛	9.70
Oslo, City of 8 89 LuxFr	500	80½	81½	0	0	9.50
Volvo 9⅞ 87 LuxFr	500	98⅛	99½	+0⅛	+0⅛	9.93

FLOATING RATE NOTES

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅞ 87	0⅛	97⅛	98⅛	2/7	15⅛	16.41
Banco di Roma Int. 8 87	0⅛	99⅛	100	26/4	15⅛	15.79
Banco Urquijo 8 86	0⅛	97⅛	98⅛	21/3	13⅛	13.63
Bank of Ireland 5⅞ 89	†0⅛	97⅛	97⅞	21/2	15.69	16.07
Bank of Tokyo 5⅞ 89	†0⅛	97⅛	98⅛	25/4	14.56	14.86
Barclays O/S Inv. 5 90	0⅛	97⅛	97⅞	13/6	14⅛	14.80
Bergen Bk. A/C 6 88	†0⅛	96⅞	97⅛	29/2	14.31	14.77
Bque. Indo Suez 5⅞ 89	0⅛	98⅛	88⅛	11/7	14.69	14.91
Citicorp O/S F. 6 94	†0⅛	98⅛	99⅛	8/3	14.44	14.60
Citicorp O/S F. 83	§10	99⅛	99⅞	29/2	15⅛	15.18
Citicorp O/S F. 84	†0	99⅛	99⅞	29/2	14⅛	14.70
Co-operative Bk. 8 86	0⅛	97⅞	98⅛	15/5	15.06	15.39
Creditanstalt 5⅞ 91	§†0⅛	98⅛	98⅞	14/3	14⅞	15.12
CNT 5⅞ 86	§0⅛	99⅛	99⅞	18/4	15.19	15.24
GZB 5½ 89	†0⅛	98⅛	98⅞	1/2	16.19	16.41
Jugobanka 8 89	0⅞	91⅛	92⅛	23/5	18	17.37
Ind. Bank Japan 5⅞ 87	0⅛	97⅛	97⅞	15/4	14⅛	14.80
LTCB Japan 5⅞ 86	0⅛	97⅛	98⅛	13/8	14⅛	14.56
LTCB Japan 5⅞ 89	0⅛	97⅛	97⅞	7/6	14.18	14.55
Mfrs. Han. O/S 5⅞ 94	†0⅛	98⅛	98⅞	29/2	13.81	14.01
Midland Intl. Fin. 5 89	0⅛	99⅛	100	20/6	15	15.04
Nacional Fin. 6⅞ 89	0⅞	97⅛	88⅛	25/7	14.89	14.88
Nat. West. 5⅞ 94	§0⅛	97⅛	89⅛	11/4	14.94	15.24
Nippon Cred. Bk. 6½ 86	0⅛	97⅛	97⅞	12/7	14.44	14.81
Royal Bk. Scot. 5⅞ 94	§†0⅛	98⅛	98⅞	11/4	14⅛	14.83
Soc. C. de Bque. 6½ 87	0⅛	96⅛	96⅞	3/4	13⅛	13.71
Sogenal 5⅞ 89	§0⅛	96⅞	97⅛	13/7	14.44	14.90
Sweden 8⅞ 91	†0⅛	97⅛	97⅞	18/4	14.44	14.83
TVO Pwr. 8 91 (O-lock)	0⅛	97⅛	97⅞	24/5	15.31	15.69
Williams & Glyn 5⅞ 91	0⅛	97⅛	97⅞	14/3	13	13.33
Bq. E. d'Alg. 4⅞ 89 SF	0⅛	94½	95⅛	18/6	6.89	7.05

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅞ 89	10/79	145	106⅛	107⅛	+0⅛	−7.83
Ajinomoto 7⅞ 85	2/80	819	97	98	0	3.06
Alco Int. Fin. 9½ 94	1/80	40	96⅛	97½	0	14.81
Asahi Optical 7 94	11/79	606	90⅛	91⅛	−0⅛	8.36
Canon 6⅞ 94	8/79	570	103½	104⅞	+0⅛	3.11
Ciba-Geigy O/S F. 4 94	5/79	675	85	86⅛	−0⅞	−4.40
Credit Suisse 4⅞ 83	10/79	1325	109½	111	+0⅛	−1.33
Daiei Inc. 6½ 94	11/79	1020	95⅛	96⅛	−0⅛	7.57
Enserch Fin. 9½ 94	7/80	30⅛	109⅞	110⅞	0	7.28
LPD Internatl. 8 89	3/79	35	109⅛	111	+0⅛	2.33
Maidaesha Elec. 7 94	12/79	210	92⅛	93⅛	+0⅛	24.83
Mitsubishi Cp. 6½ 94	10/79	604	126⅛	127⅛	+0⅛	11.85
Nippon Seiko 7⅞ 94	12/79	339	†97⅛	98⅛	+0⅛	−1.43
Nitto Elec. Ind. 8 94	7/79	735	79⅞	81½	+0⅛	13.28
Toshiba Cpn. 7⅞ 94	10/79	198	97⅛	98⅛	−0⅛	4.39
Union Bk. Switz. 5 89	2/80	125	107⅛	108⅛	+0⅛	2.51
Fujitsu 5 94 DM	7/79	476	88⅛	100⅛	+0⅛	20.87
Kansai Elec. 4 84 DM	4/79	1234	84⅛	85⅛	+0⅛	49.47
Tokyu Ld. Cp. 4 86 DM	4/79	493	77⅛	78⅛	−0⅛	38.48
Uny Co. 6⅞ 85 DM	11/78	1071	94⅛	95⅛	−0⅛	15.74

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

First-quarter earnings recovery for Siemens

BY JONATHAN CARR IN MUNICH

SIEMENS, West Germany's largest electricals concern, has begun its new business year with a rise in sales and profits after suffering a rare setback to both in the year ended September 1979.

With investment surging ahead and much talk about new chances being created for the electricals industry by the oil crisis, the company is anything but pessimistic.

Net profit in the three months ended December rose to DM 164m ($94m) from DM 144m, on sales up by 16 per cent to DM 7.1bn ($4.1bn). The main impetus came from abroad where sales rose by more than one-fifth.

Orders, in contrast, were more buoyant at home in the first quarter, reflecting the relatively strong — and continuing — growth of the German economy. Overall, orders were up by 15 per cent to DM 8.1bn.

Dr. Bernhard Plettner, executive board chairman, was cautious about predicting growth rates for company business for this year as a whole. *But it* already seems clear that Siemens orders intake will pass the DM 30bn mark and sales the DM 29bn mark in 1979-80. In the U.S. alone, Siemens expects sales of more than DM 900m against DM 700m last year.

The company faces heavy additional costs — for example an extra DM 200m alone for its supplies of gold and other precious metals. But despite this, it will be *a* matter for surprise if Siemens' profits do not resume the upward climb broken last year.

The reduction in net profit last year to DM 682m from DM 721m was the first setback

	Year 1977-78 DM bn.	Year 1978-79 DM bn.
Orders	29.0	29.8
Sales	29.0	28.0
Investment	1.4	1.6
Net profit	0.72	0.68
As percentage of sales	2.5	2.4
	First qtr. 1978-79	First qtr. 1979-80
Orders	7.1	8.1
Sales	6.2	7.1
Investment	0.22	0.41
Net profit	0.14	0.16
As percentage of sales	2.3	2.3

since 1974-75, while the reduction in sales to DM 28bn from DM 29bn was the first for at least a decade.

Particularly responsible for the downturn was the turnover loss of around DM 2bn suffered by the Siemens' subsidiary, Kraftwerk Union (KWU) which ran into problems on a contract for the construction of nuclear power plants in Iran. Siemens sales excluding KWU showed a rise of 6 per cent.

In addition, group profits were affected by depreciation on securities of more than DM 250m, and an unusually big payment into the pensions fund. *However, the 1978-79* result has not prevented Siemens from proposing an unchanged 16 per cent dividend.

For this year Siemens plans total investment of just over DM 2bn, a *good DM 400m* more than in 1978-79 and double the level of a decade ago. Looking further ahead, the company sees opportunities emerging from the growing move away from oil as an energy source.

Dr. Plettner tentatively estimates that this shift away from oil could involve investment measures worldwide worth an average of DM 1,000bn a year for the next four decades.

Included in this figure were such elements as nuclear power development, new techniques for processing coal, energy savings measures and so on—in all of which the electricals industry would be heavily involved. Siemens would gain in orders only a small percentage of this total *investment* sum—but the "chance was there to be grasped."

By sector Siemens gives its business development as follows:

- Power engineering: with DM 7.1bn in sales in 1978-79, the biggest single division accounting for one quarter of total turnover. Orders up by 9 per cent to DM 7.9bn with foreign business *more buoyant than* domestic.
- Telecommunications: sales up by 7 per cent to DM 5.8bn, orders up by 10 per cent to DM 6.5bn and big growth prospects seen—not least abroad *for* the EWS electronic telephone exchange system.
- Components: sales up by 17 per cent to DM 1.3bn—and big expansion seen abroad. In particular Siemens *has* just concluded an agreement with Fuji Electronics which it hopes will help open up the Japanese components market.
- Data and information systems: sales up by 22 per cent *to* DM 1.6bn and orders up by one-quarter to DM 2bn. Siemens estimates that it has—by value—more than one-fifth of the West German computer market and about 9 per cent of the Western European market.

Bayer drops bid after Cartel decision

By Leslie Colitt in Berlin

BAYER, one of the big three West German chemical companies, has dropped its bid for at least 50 per cent of Roehm in Darmstadt after the West German Cartel Office said that it would not approve of the merger.

The Cartel Office said that Roehm's leading position as a plexiglass producer in West Germany would add to Bayer's "market dominating position" in engineering plastics, especially polycarbonates.

Bayer says that it is no longer pursuing its interest in Roehm, following the compulsory examination of its bid by the Cartel Office and after the "changes that have taken place." BASF recently disposed of its 39.1 per cent share in Roehm, in which the Roehm family has a 60.9 per cent holding.

BASF saw no hope of acquiring a majority share and sold its DM 90m stake to Chemische Werke Huels, a subsidiary of the Veba energy group. The Roehm family has not yet approved of the transaction, but a company spokesman said that an "affirmative decision" is expected shortly.

Since BASF acquired its share of *Roehm in 1970, West* Germany has passed tougher merger legislation and BASF had reason to believe that the Cartel Office would have turned down its bid for a majority stake in the company.

The Cartel Office said a merger of Bayer and Roehm would have transformed the family-owned company into part of a concern which would have ended its "independent corparate strategy."

After expropriation of its American subsidiary, Roehm and Haas, during the Second World War, Roehm returned to the U.S. in 1976 to establish a *joiot* venture with *American* Cyanamid called Cyro Industries. Cyro produces plexiglass and has become a major competitor of Roehm's former subsidiary.

New bank guideline brings bond issue from Mitsui & Co.

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

MITSUI AND COMPANY, Japan's second largest general trading company, is planning to float a Y40bn ($166m) convertible bond issue in the *Japanese domestic market this* spring. The money will be used to cover repayment of excess loans from Mitsui Bank, Mitsui and Company's sister company.

Under a guideline issued by the Ministry of Finance, which comes into force on April 1, Japanese City banks are required to lend not more than the equivalent of 20 per cent of their owned capital to any single corporate borrower. Mitsui Bank's loans to Mitsui and Company are at present around Y50bn above this limit.

Mitsui had originally hoped to float its domestic bond issue *early this year so* as to be in a position to liquidate its excess borrowing from Mitsui Bank before the April 1 deadline. The depressed level of the company's share price on the Tokyo Stock Exchange, however, caused it to delay the issue. Demand for Mitsui's stock has been affected by the problems surrounding the Y700bn Iranian petrochemical project of which Mitsui and Company is the main promoter.

Prospects for resuming work on the Iranian complex have improved sharply in the past few days and Mitsui's share price has recovered to just over Y400 from its December level of under Y320. The company has accordingly decided to go ahead with plans for a convertible issue to be floated between April and June.

The bond issue is not the only means by which Mitsui hopes to raise funds to repay excess bank borrowings. Between December and the beginning of February the company raised DM220m ($126m) worth of the so-called impact loans (general purpose foreign currency loans) from German banks. These are being used to repay excess borrowings from banks other than Mitsui. The banks concerned are Fuji Bank, with excess loans to Mitsui and Co. amounting to Y16.3bn last September; the Bank of Tokyo (Y4.6bn); and Mitsui Trust and Banking Company (Y2.7bn). Excess borrowing from these three sources will have been eliminated by April 1, leaving only the Mitsui Bank loans outside the Ministry of Finance guidelines.

Mitsui and Co. says it has no idea when its borrowings from Mitsui Bank will be reduced to conform to the guidelines. It points out that strict adherence would mean Mitsui Bank ceasing to be the main bank of Mitsui and Co., in the sense that the loans would be less than those from other banks.

In order to retain Mitsui Bank as its main bank, Mitsui and Co. will repay additional amounts to Fuji Bank and the Bank of Tokyo. This will call for additional fund raising operations over and above the Y40bn bond issue planned for the early summer.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	5.2.80	29.1.80	AVERAGE YIELD	5.2.80	29.1.80
DM Bonds	96.01	96.40	DM Bonds	8.136	8.052
HFL Bonds & Notes	93.67	93.95	HFL Bonds & Notes	9.594	9.567
U.S. $ Strt. Bonds	85.43	86.77	U.S. $ Strt. Bonds	11.795	11.520
Can. Dollar Bonds	86.71	87.85	Can. Dollar Bonds	12.507	12.239

Bloedel to pull out of France

BY TERRY DODSWORTH IN PARIS

THE FUTURE of Groupment Europeen de la Cellulose (GEC), which claims to be the largest European producer of pulp for the paper industry, has been thrown into doubt for the second time in two years by a proposed withdrawal by a major shareholder.

The Canadian paper company, MacMillan Bloedel, has a 34 per cent stake in GEC which it effectively manages following a reorganisation plan agreed with the French authorities in early 1978. This was part of an attempt to rationalise the ailing French paper and pulp industry.

GEC, however, has continued to run up losses since MacMillan's arrival, with a deficit of FFr 195m in 1978 followed by one of FFr 60m (U.S.$14.7m) last year. The company is now unwilling to contribute further investment funds, and has indicated that the cost structure of the industry in France demands new measures from the Government to make GEC competitive

One of the main problems facing CEC is the high cost of wood in France, a difficulty which has embarrassed the whole of the paper industry for several years. French wood prices are now much higher than those in North America, partly because of the fragmented ownership of forests in France which makes it difficult to extract wood in the most economic way. Although the Government has been investigating this problem, it has not so far come up with a solution.

Given MacMillan's unwillingness to increase its involvement in GEC, tho problems of the French group will probably have to be looked at again by the Government.

New shareholding arrangements are already being rumoured in France to alter the present complicated financial structure. Holders of GEC shares include five French paper makers, the Societe Forestiere des Ardennes, in which the State-backed Institute for Industrial Development has an interest, and MacMillan.

Arabian Oil results rise sharply

By Yoko Shibata in Tokyo

ARABIAN OIL Company, Japan's largest oil producer, raised sales and earnings for the fiscal year ended last December, helped by the strong demand for oil seen against the background of the world oil shortage and the upsurge in selling prices, linked with the OPEC level.

Net profits went up by 269.0 per cent to Y4.90bn ($20.4m), on sales of Y516.97bn ($2.2bn), up 75 per cent. Per share profits were Y98.03, compared with Y26.57 a year earlier. At the operating level, profits gained 124.2 per cent to Y389.99bn.

Arabian Oil was founded with support from Saudi Arabia (10 per cent) and Kuwait (10 per cent), and the *company has* the concessions in Khafji Oil field.

The company continued full capacity production of crude oil in the year at 400,000 barrels per day. Of the total 70 per cent was for Japan and the rest was for the Kuwait Government. Most of the latter part, however, was repurchased by Arabian Oil.

In the July-September quarter, the Kuwait Government reduced by 50,000 barrels a day the amount sold back to the company. However, set against the affect of this supply cut on the company's earnings was the higher selling price.

The *company's production* of crude oil is running at 450,000 barrels a day at present, and earnings are expected to improve in the current year.

UIOH offer puts value of S$71m on UIC

BY GEORGIE LEE IN SINGAPORE

UNITED INDUSTRIAL Overseas Holding (UIOH) yesterday disclosed that it is to offer S$ 4.00 a share for the full issued share capital of the local chemical and property group, United Industrial Corporation (UIC), valuing it at some S$ 71m (US$ 32.6m).

UIOH—the private holding company of Mr. Chwang Wan Lien, the managing director of UIC — on Tuesday announced its intention to take over the shares in UIC not already held by it or Mr. Chwang Wan Lien.

UIOH currently holds 2.58m shares in UIC, which has an issued capital of 17.72m shares of S$ 1 par each.

The Development Bank of Singapore (DBS), which is acting on behalf of the offeror, said that the offer is conditional upon acceptances being received in respect of not less than 50 per cent (7.42m shares)

The bank also disclosed that UIOH had agreed in principle to purchase 2.92m shares in UIC from the Singapore Government-owned Temasek Holdings Private at S$ 3.78 per share, or such higher prices as UIOH would offer to all other shareholders of UIC under the takeover scheme. The Temasek sale is not conditional on the takeover *scheme* succeeding.

The last transacted price of UIC prior to the takeover announcement was S$ 3.86 per share. The offer price of S$ 4.00 is said to be below expectation.

ESAB falls short of forecast

By Victor Kayfetz in Stockholm

DESPITE GROWING interest by customers in its welding robots and semi-automatic welding machines, Sweden's ESAB group fell short of the small pre-tax profit it had predicted for 1979. The group posted a loss of SKr 2m ($480,000) before tax, against a 1978 loss of SKr 36m, and the board recommends passing the dividend for the second year

Turnover of the Gothenburg-based welding equipment maker *rose* by 5.5 *per cent to* SKr 1.49bn ($359m), just short of its SKr 1.5bn target. The proportion representing sales outside Sweden rose from 82 per cent to 84 pe rcent.

ESAB points to continued weakness on world markets for its products, excess capacity, and tough price competition due to slow growth in steel consumption, partly as a result of very low shipbuilding activity.

It forecasts improved group earnings during 1980 on unchanged volume, but stresses that major cost-cutting measures are needed

Although the group's second-half sales totalled SKr 759m, up from SKr 730m in the first six months, losses during July-December totalled SKr 7m, outweighing the SKr 5m pre-tax profit recorded in January-June.

After extraordinary items including SKr 36m in gains from disposals, the group showed a profit for 1979 of SKr 7m, against a 1978 loss of SKr 48m.

Schloemann sees Italian link as diversification

BY ROGER BOYES IN BONN

SCHLOEMANN-SIEMAG, the West German steel engineering concern which earlier this week announced the purchase of 20 per cent of the Italian steelworks manufacturer Danieli, said yesterday that it has been interested for some time in drawing closer to the profitable Italian mini-steelworks market.

The bulk of Schloemann's experience so far—apart from an excursion into the plastics machinery field—has been in large steel plants, and it has become increasingly aware of *its* vulnerability to both the vagaries of exchange rates (as 90 per cent of its production is intended for export), and the generally depressed state of the *steel industry.*

The link with Danieli will give Schloemann access to the Italian company's considerable experience with direct reduction processes. There is a possibility, too, that Schloemann will be able to benefit from Italian export concessions *through its* stake in Danieli.

Schloemann-Siemag's attempts attempts to diversify—at at least broaden its commercial range—have recently involved both new acquisitions and the conclusion of licensing agreements. The company has just announced a licensing agreement with the Steel Company of Canada (Stelco), which is aimed at broadening its product mix. Under the agreement, Schloemann has been given the right to design, manufacture and sell the coil box developed by Stelco for use in new plants, and *for the modernisation* of hot wide strip mills. The German company's contribution to the project is its own development of methods to reduce edge scrap in hot strip mills.

First dividend from MRI

By Wong Sulong in Kuala Lumpur

MALAYSIA RICE INDUSTRIES (MRI) has turned in pre-tax profits for the 18 months ending December of 7.2m ringgits ($3.3m) and is paying a dividend for the first time.

The 10 per cent dividend is double the rate promised by See Hoy Chan when it took over 75 per cent of the company two years ago.

Audi-NSU profits advance

BY OUR FINANCIAL STAFF

AUDI NSU, which is part of the Volkswagen group, will show an increase in profit for 1979 following a rise in sales to DM 5.2bn from DM 4.51bn.

Turnover is expected to grow again this year, *if more slowly* than last.

Exports in 1979 rose 27 per cent and accounted for about 45 per cent of turnover. The U.S. was the largest customer, taking 40,000 of the 412,517 cars sold, while the UK was the largest in Europe and the Italian market showed the fastest rate of growth. *Overall,* Audi's export-domestic sales ratio will probably remain "about the same this year."

General Mining increases stake in Trek

BY JIM JONES IN JOHANNESBURG

GENERAL MINING has increased its stake in the South African petroleum products distributor, Trek Beleggings, from 18.4 per cent to 47.3 per cent in an *exchange of shares* with Federale Volksbeleggings (FVB) and the state-controlled investment company Industrial Selections. The deal values the shares acquired at R12.09m ($14.8m). Trek's operations are largely confined to the distribution under its own name of the products of Shell and BP, each of which has a 17.2 per cent equity stake in the company.

The deal effectively values Trek shares at 210 cents compared with the current 215 cents Johannesburg Stock Exchange price. General Mining has exchanged for the Trek holdings of FVB and Indsel shares of its investment portfolio as a further step in it's move into managed holdings, out of non-managed. However, at least for the time being, General Mining does not propose to consolidate Trek's results.

Mr. George Clark, the Trek's chairman, in his report for the year to December, said that the company would have difficulty in improving on its 1978 taxed earnings of R4.6m ($5.6m). This projection was, to an extent, borne out by Trek's 1979 *interim taxed earnings* of R2.53m, equivalent to 12.8 cents per share, and it was the prospect of poor earnings growth which prompted FVB to dispose of its shares under the terms of an *option* agreement signed when Trek was established in 1969.

Trek has about 7 per cent of the South African petrol market compared with between 15 per cent and 20 per cent each for Shell and BP.

* * *

IRVIN AND JOHNSON, the South African fishing company which is controlled by Anglo Transvaal Consolidated, has reported a 3.6 per cent increase in pre-tax profit to R4.52m ($5.66m), for the six months to December 31, 1979.

First-half turnover improved by 18.5 per cent to R95.1m ($118.9m). The fall in margins reflects the impact of higher fuel prices for the company's trawler fleet.

The directors report that fuel costs are being contained, and trawler propulsion units are being converted to use a *heavy* fuel/diesel oil blend which is expected to yield significant cost savings. The changeover is expected to have a favourable impact on second-half earnings.

However, it is unlikely that this will result in a significant improvement in the dividend this year. The company is committed to spending some R9m on additions to its trawler fleet, and a further R3m for improvements to its inland frozen food processing unit.

First-half earnings per share fell to 8.7 cents compared with 9.5 cents last year. In the year to June 30, 1979, earnings per share amounted to 20 cents, from which a dividend of 9 cents was declared.

WORLD STOCK MARKETS

Dow off 5 in heavy early trade

AFTER MODESTLY extending Tuesday's late rally, Wall Street stocks tended to decline in heavy dealings yesterday morning.

The Dow Jones Industrial Average, 2.22 higher at 11.00 am, receded to *871.25* at 1 pm *for a* net decline of 5.37. The NYSE All Common Index was 19 cents down on balance at $65.64, after reaching $66.07, while falls at mid-session outpaced rises by a four-to-three margin. Trading volumes increased to 35.29m shares from the previous day's 1 pm level of 27.20m.

Analysts said the market was tired after its substantial January gain, and rebounds were showing less and less vigour.

They added that the continuing weakness in the Bond market, which of late had been diverting funds out of debt and into Equities, had now gone so far that some institutional investors sensed a climax of some type is approaching and were inclined to take a wait-and-see attitude.

Closing prices for North America were not available for this edition.

Defence issues were hit by profit-taking. **Lockheed** lost 2¾ to $38⅛, **McDonnell Douglas** 2¼ to $43¼, **Boeing** $1 to $66½ and **Grumman** ½ to $27½.

The Steel group, which led the late rally on Tuesday, was mostly higher, although **U.S. Steel** slipped ⅜ to $21⅜. **Moody's** lowered its debenture ratings. The other Steels added fractions, except for **National Steel**, which rose $1 to $30¼.

Gaming shares were weak despite reporting higher January gross casino winnings in New Jersey. **Caesars World** shed ¼ to $17⅜ and **Bally Manufacturing** ⅝ to $31⅝, while **Resorts International "A"** dipped ¼ to *$32⅞* on the American Exchange.

Active **Chrysler** lost ⅜ to $10⅛ even though it *has* arranged to borrow $100m from Peugeot-Citroen.

Precious Metals issue firmed on rising Bullion prices. Active **Benguet** put on ⅛ to $13½, **ASA** 1⅝ to $52⅞, *Hecla Mining* 1⅝ to $43¼ and **Asarco** 1⅛ to $51⅜ ex-dividend.

THE AMERICAN S.E. Market Value Index eased 0.48 to *277.77* at 1 pm. Volume 5.37m shares (4.07m).

Canada

Shaking off Tuesday's setback, markets mainly improved in busy early trading yesterday. The Toronto Composite Index put on 6.6 to 2,025.3 at mid-day, while Golds advanced 41.7 to 3,216.3, Oil and Gas 18.2 to 4,208.3 and Metals and Minerals 15.6 to 2,149.0. In Montreal, Banks gained 1.31 to 333.69.

Tokyo

The market was in firmer fettle yesterday after Tuesday's setback, with Petroleums, Non-ferrous Metal issues, Light Electricals and some Chemicals, Machine Tools and Shippings performing well.

The Nikkei-Dow Jones Average, after slipping 29 points the previous day, advanced 35.21 to an all-time high of 6,800.33. The Tokyo SE index rose 1.94 to 469.22, while gains on the First Market section led declines by 335 to 288. There was a fairly large turnover of 410m shares, exceeding Tuesday's 330m.

Brokers said investors engaged themselves in fresh selective buying, after hesitancy on Tuesday out of concern over the tightening controls on credit trading and a possible rise in the Official Discount Rate.

Market rumours that the Japanese Government is considering taking stepped-up measures to help oil companies to strengthen their research and developing activities was behind a further advance by Petroleum issues. **Nippon Oil** moved up Y90 to Y1,980, **Koa Oil** Y50 to Y710 and *Teikoku Oil* Y11 to Y990.

This also prompted demand for Oil Developing Equipment Manufacturers such as **Sumitomo Heavy Industries** on speculation that sales of their products will increase.

Elsewhere, **Sony** gained Y20 to Y1,710, **TDK Electronic** Y40 to Y1,920, **Pioneer Electronic** Y60 to Y1,940, **Sanko Steamship** Y11 to Y366, **Nittetsu Mining** Y20 to Y590 and **Dowa Mining** Y24 to Y860.

Germany

Shares opened firmer, but then declined throughout the session in moderate activity in the absence of the foreign buying which had helped the market over the past few trading days. The Commerzbank index shed 3.3 to 726.6.

Rising prices for precious metals and nervousness about a weaker Bond market were said to have upset the stock market.

In Chemicals, **BASF** retreated DM 2.50 to DM 146.80 after recent strength. Reports that prospects of a major oil find off the coast of Qatar might not meet original expectations, although unconfirmed, were thought to have depressed BASF stock. **Wintershall**, an oil concern involved in the Qatar exploration, is a BASF subsidiary.

Linde lost DM 3.50 in Engineerings and **Daimler-Benz** declined the same amount in Motors.

On the Domestic Bond market, Public Authority issues eased up to 90 pfennigs and the Bundesbank sold a nominal DM 19.6m of stock after selling DM 7.3m on Tuesday.

Paris

The market was firmer-inclined in quiet trading, with advances outnumbering falls by 102 to 69 in the French section.

Oils recorded strong gains, while Chemicals, Electricals and Foods also advanced, but declines predominated in Banks, Portfolios, Rubbers, Mechanicals, Hotels, Stores and Metals.

Esso rose 9 per cent on market expectations that it will shortly announce that a test well in South-West France has produced positive results.

Machines Bull gained FFr 1.30 to FFr 71.90 after its subsidiary Honeywell Bull reported higher 1979 profits.

Australia

After Tuesday's setback, the Minings sector made a mixed showing yesterday, with some base metal stocks lower on further profit-taking but Golds and some Uraniums advancing.

Higher world bullion prices boosted Gold shares, **GMK** rising 30 cents to A$5.10, **Central Norseman** 26 cents to A$7.46, **Emperor** 15 cents to A$2.35 and **Poseidon** 10 cents to A$3.05.

Uranium concerns **Pancontinental** and **Peko-Wallsend** climbed 46 cents to A$9.06 and 30 cents to A$9.76 respectively.

Bougainville Copper also featured firmly, gaining 12 cents to A$4.00 on expectations of record profits and a stock split being announced today. **Western Mining** put on 2 cents to A$4.82 prior to "after-hours" news of sharply higher interim profits. However, **CRA** lost 10 cents to A$5.94 and **North Broken Hill** 12 cents to A$3.18.

Oils were inclined to ease afresh, **Woodside** ending 10 cents lower at A$2.45.

On the Industrial posts, Banks made another good start, but the gains tempted profit-takers and most finished below the day's best. Building Materials, selected Properties and Electricals improved, while Breweries attracted further interest. **Tooth** adding 5 cents more at A$2.80 on merger speculation.

Hong Kong

Small public selling left shares generally easier following the recent strong advance. The Hang Seng index receded 12.45 to 914.95.

Johannesburg

Gold shares were higher in line with firmer international Bullion prices, with large institutional and Overseas interest noted.

President Brand rose 150 cents to R39.00, **Buffels** 145 cents to R37.25 and **Welkom** 120 cents to R14.50.

Mining Financials also strengthened, *Gold Fields* rising 325 cents to R74.00 and **Amgold** 150 cents to R84.50.

Industrials gained fresh ground, **Barlow Rand** adding 20 cents at R9.50.

Indices

NEW YORK —DOW JONES

	Feb. 5	Feb. 4	Feb. 1	Jan. 31	Jan. 30	Jan. 22	1979-80 High	1979-80 Low	Since Compil'n High	Since Compil'n Low
• Industr'ls	876.62	876.00	881.48	875.85	881.01	874.48	897.61 (5/10)	796.67 (7/11)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	78.71	70.01	71.01	71.25	71.24	71.35	80.10 (15/3)	70.71 (5/2/80)	—	—
Transport.	284.18	282.58	283.50	281.68	280.82	277.17	284.18 (5/2/80)	205.78 (27/2)	284.18 (5/2/80)	12.23 (8/7/32)
Utilities	110.15	110.12	110.32	110.10	109.27	107.75	110.32 (1/2/80)	98.24 (24/10)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	41,850	40,070	45,810	65,900	61,170	55,496	—	—	—	—

• Day's high 880.89 low 868.17

	Feb. 1	Jan. 25	Jan. 18	Year ago (approx)
Ind. div. yield %	6.50	6.40	6.46	5.83

STANDARD AND POORS

	Feb. 5	Feb. 4	Feb. 1	Jan. 31	Jan. 30	Jan. 29	1979-80 High	1979-80 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	128.58	128.20	130.15	128.99	130.23	128.85	130.25 (30/1/80)	107.08 (21/2)	134.64 (11/1/73)	3.62 (30/6/32)
§Composite	114.66	114.37	115.12	114.18	115.20	114.07	115.20 (30/1/80)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 30	Jan. 23	Jan. 16	Year ago (approx)
Ind. div. yield %	4.80	4.97	5.11	4.99
Ind. P/E Ratio	8.29	8.14	7.95	8.08
Long Gov. Bond Yield	11.15	10.58	10.39	8.84

N.Y.S.E. ALL COMMON

Feb. 5	Feb. 4	Feb. 1	Jan. 31	1979-80 High	1979-80 Low
65.63	65.68	66.08	65.61	66.14 (30/1/80)	53.88 (27/2)

Rises and Falls

	Feb. 5	Feb. 4	Feb. 1
Issues Traded	1,905	1,921	1,858
Rises	663	667	788
Falls	824	851	572
Unchanged	418	403	410
New Highs	58	—	152
New Lows	58	—	39

MONTREAL

	Feb. 5	Feb. 4	Feb. 1	Jan. 31	1979-80 High	1979-80 Low
Industrial	367.24	371.00	371.26	371.62	371.90 (4/2/80)	218.19 (2/1)
Combined	340.54	344.43	343.85	344.71	344.71 (31/1/80)	225.80 (2/1)
TORONTO Composite	2018.7	2038.8	2032.6	2027.7	2059.8 (4/2/80)	1310.8 (2/1)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Chrysler	673,100	10½	− ¼
Ralston Purina	648,000	13¾	+ ⅞
Tesoro Pet.	507,300	23¼	+2¼
LTV	482,500	13⅝	+ ⅝
Potam. Elec. Pwr.	459,000	11¼	− ¼
Boeing	400,400	67⅛	+1⅞
IBM	381,400	69⅝	+ ½
Westinghse. Elec.	363,100	24⅝	− ⅜
Exxon	343,700	60⅞	− ¼
Am. Tel. & Tel.	343,100	51⅛	+ ¼

	Feb. 6	Feb. 5	Feb. 4	Feb. 1	1979-80 High	1979-80 Low
AUSTRALIA Sydney All Ord. (1/1/80)	868.56	857.01	874.00	872.14	874.00 (4/2/80)	545.72 (2/1/79)
Metals & Mins (1/1/80)	5508.35	5687.77	5908.81	5868.62	5908.81 (4/2/80)	2587.34 (2/1/79)
AUSTRIA Credit Aktien (2/1/62)	88.58	88.59	88.81	88.58	89.40 (7/1/80)	81.55 (2/5)
BELGIUM Belgian SE (31/12/63)	103.23	102.80	103.35	103.55	109.47 (5/10)	98.80 (5/1/79)
DENMARK Copenhagen SE (1/1/73)	91.79	91.37	91.39	91.64	97.46 (26/7)	91.37 (5/2/80)
FRANCE CAC General (29/12/61)	110.4	110.1	(u)	100.4	115.1 (5/10)	92.4 (19/2)
Ind Tendance (28/12/79)	108.7	106.5	101.5	107.0	101.5 (4/2/80)	95.5 (5/1/80)
GERMANY FAZ-Aktien (31/12/58)	231.61	232.22	232.83	229.28	265.60 (18/1/79)	218.11 (21/1/80)
Commerzbank (Dec. 1953)	726.6	729.9	720.5	720.40	858.60 (15/1/79)	688.0 (21/1/80)
HOLLAND ANP-CBS General (1970)	85.8	85.5	86.7	84.5	94.2 (24/1/79)	81.8 (21/1/80)
ANP-CBS Indust. (1970)	67.4	67.8	68.1	67.2	85.9 (24/1/79)	60.5 (21/1/80)
HONG KONG Hang Seng Bank (31/7/64)	914.95	927.40	920.81	895.77	906.80 (29/1/80)	495.83 (2/1/79)
ITALY Banca Comm. Ital (1972)	91.25	91.89	92.64	92.25	93.86 (4/10)	68.53 (2/1/79)
JAPAN Dow Average (16/5/49)	6800.33	6765.12	6784.21	6777.84	6800.33 (6/2/80)	5925.87 (10/4)
Tokyo New SE (4/1/68)	469.22	467.28	468.64	467.77	469.22 (6/2/80)	435.15 (13/7)
NORWAY Oslo SE (1/1/72)	156.90	154.58	155.38	154.88	142.22 (15/12)	74.46 (18/1)
SINGAPORE Straits Times (1966)	465.01	470.16	478.78	474.38	474.38 (1/2/80)	348.34 (23/2)
SOUTH AFRICA Gold (1958)	(u)	528.5	551.7	534.0	558.9 (14/1/80)	228.49 (1/74)
Industrial (1958)	(u)	476.5	472.9	469.2	478.0 (5/2/80)	270.50 (2/1/79)
SPAIN Madrid SE (29/12/79)	100.20	100.20	(c)	100.49	102.22 (16/1/80)	99.31 (15/1/80)
SWEDEN Jacobson & P. (1/1/58)	394.96	380.64	377.01	374.79	401.34 (9/2)	331.57 (24/9)
SWITZERLAND Swiss Bank Cp. (31/12/58)	312.3	311.8	311.5	311.3	329.10 (2/5)	294.00 (31/1/79)
WORLD Capital Intl. (1/1/70)	—	156.7	158.6	158.0	158.5 (31/1/80)	122.2 (1/5)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Sugar down again as speculators sell out

BY RICHARD MOONEY

WORLD SUGAR prices fell again yesterday as speculators continued to retreat from the market. In the morning the London daily raw sugar price was quoted £8 down at £223 a tonne and on the London futures market the May position ended £6.525 lower at £231.375 a tonne.

This followed a £2 fall on Tuesday which ended a run of five consecutive rises.

Traders attributed the fall to a "key reversal" on charts from recent life-of-contract highs. Speculators were selling out previous purchases, they said, and stop-loss orders were triggered.

Some dealers suggested that recent speculative buying had pushed prices too high and that the more modest prices paid at physical sugar sales this week had brought this point home to the speculators.

Concern about the effect of a likely 830,000 release from International Sugar Agreement stocks may also have affected sentiment. It was confirmed yesterday that the 15-day average price had risen above 19 cents a lb. If it remains above this level for five consecutive market days, the stockpile release will follow automatically, unless the International Sugar Organisation decides otherwise.

In Brussels meanwhile the EEC Commission granted rebates on the sale of 20,500 tonnes of white sugar, well below the 56,000 tonnes authorised last week. The maximum rebate was also cut to 11.978 ECUs per 100 kilos from 14.079 last week.

Dealers were uncertain whether the reduced rebate represented an attempt at economising or an unwillingness to pay out high rebates because of what might prove to be merely a dip in the market. Overall they thought the move was mildly "bullish."

In Washington the U.S. Agriculture Department has reduced its forecast of world sugar production for the 1979/80 season to 86.7m tonnes from the 87.7m estimated a month ago.

It said sharply reduced output prospects in the USSR and Thailand more than offset higher expectations for the EEC crop.

But the department added that world stocks would still represent about 30 per cent of world annual consumption.

In Manila ISO executive director Mr. William Miller said sugar prices should remain strong throughout this year. In an address to the International Society of Sugar Cane Technologists Mr. Miller also forecast "relatively favourable" prices over the next few years.

On the release from ISO stocks he said: "I think these supplies are very likely to cool the market.

"It seems reasonable to suppose there is enough sugar to meet market requirements even without special stocks," Mr. Miller said. "On the other hand prices should remain strong throughout the year."

Prospects for sugar prices were also favourable over the next few years, he said, "provided there is not an explosion of increased production but a moderate expansion in line with the anticipated gradual increase in demand."

Copper rise boosts base metals

By Our Commodities Staff

COPPER PRICES moved up strongly on the London Metal Exchange yesterday pulling most other base metals higher in their wake.

The market rose at the opening reflecting a limit-up overnight movement in New York. Prices were then trimmed by profit-taking sales but surged ahead again in the afternoon following a strong opening in New York. Dealers said most of the buying was speculative.

By the close cash copper wirebars were quoted at £1,294.5 a tonne, up £36.5 on the day. The price moved up further in unofficial after-hours trading.

In Lusaka, meanwhile, Zambian officials said the Tazara rail link which normally carries most of Zambia's copper shipments through Rhodesia to the port of Dar es Salaam, is due to re-open today after repairs to a bridge blown up by Rhodesian commandos last November.

Brucellosis nearly wiped out in UK

THE Milk Marketing Board hopes that brucellosis could be virtually eradicated from Britain's national dairy herd within the next two years.

A survey taken in January showed that 95 per cent of the 45,000 dairy herds in England and Wales are now accredited free of brucellosis, a disease which causes abortions in cows and undulent fever in humans. This is a 5 per cent improvement on last year. Tests for the disease proved positive in only 200 herds against 1,400 in January 1979, the MMB said.

Worms threaten Kenyan crops

KENYA'S farmers are concerned by a new invasion of army worms, apparently coming in from Tanzania. A spokesman for the government's Agricultural Information Centre in Nairobi said the worms had already been found in the Taita Taveta area, in Kericho, Laikipia and parts of the Western and Nyanza provinces.

TEA INDUSTRY

Private or State control

BY KEVIN RAFFERTY, RECENTLY IN SRI LANKA

PRIVATE sector tea interests in Sri Lanka are fighting to try to persuade the government they can put some spirit into the industry. Everyone seems agreed that Sri Lanka tea is going through difficult times; all sides think there should be radical reorganisation; but there is a fighting resistance to private enterprise.

A month ago it looked as if the private agency houses were coming back to manage some of the estates, but in four hours of hard lobbying, the moment came and went. "At three o'clock we were told to stand by; at seven, we were told it was off," recalled one of those involved.

It shows how volatile Sri Lanka is even under the conservatively inclined President J. R. Jayawardene. Now the Plantations Ministry Secretary Bradman Weerakoon is pushing ahead with plans to form eight estates corporations, all of them in the public sector.

Private tea interests think this would be disastrous, not least because it would end their last chance of getting back into tea production. They may make a last-ditch appeal to the President at least to be given a chance to show what they can do on equal terms with the public sector.

So far there has been continuing grumbling and dissatisfaction with the tea industry since the State took it over in Mrs. Sirimavo Bandaranaike's rule. When the estates were nationalised, apart from smallholdings up to 50 acres, two nationalised corporations took over the 500,000 acres of tea, rubber and coconut plantations on the island.

Since then there has been an exodus of good workers and managers who preferred to stay in the private sector and be rewarded by private sector salaries. The old agency houses—George Steuart, Whittalls, Mackwoods and Carsons—who had managed the estates, dispersed their energies into other activities such as travel agencies. Politics became important in the tea gardens and morale slumped.

Tea production has remained static at about 200m kilos a year, compared to a peak of 219m kilos in 1969. The two big nationalised corporations have proved unwieldy.

Mr. Weerakoon agrees that political interference has harmed the nationalised tea industry. "Once the estates became State property the local member of parliament got an asset within his control," he has admitted.

The setting up of regional offices by the two corporations also produced another level of interference; for example, moving good estate superintendents out of their depth to the regional headquarters.

All sides agree that the ownership of the estates should be left with the State. Some former owners were horrified at the thought of the amount of investment needed to rejuvenate the older gardens. There is also agreement that the smallholdings should be left as they are, as they are doing well.

The key argument is over management of the estates. Mr. Weerakoon believes that his scheme of eight corporations, with headquarters in Colombo, but their estates grouped regionally, will allow maximum use of expertise with freedom from interference because the ministry will have power to direct and control.

Outside the confines of the ministry this view is disputed. "It will be eight headaches instead of two," sighed a senior civil servant who has wide experience of the tea industry both nationally and internationally.

On a regional basis, some corporations would command only the best tea land, and others only the worst, which hardly makes for a fair assessment of performance.

In addition, there is scepticism about whether the State sector will be able to find eight corporation chairmen and directors. It is unlikely that they will be able to attract back tea experts from the private sector as public salaries are so low.

The basic argument is whether the State can grow and market tea efficiently. The Plantations Ministry officials still have faith in their ability and say that the State can have a wider perspective and safeguard labour rights as well as see that it gets a proper share of profits from tea.

On the other side is a profound disillusionment with the operations of bureaucracy. As one estate manager put it: you cannot grow crops by edict; you need understanding and an element of love. On top of this, former managers have seen how the State system as it operates in a developing country allows a small number of people to take a disproportionate share of the benefits the system offers.

Malaysia to boost cocoa production

By Wong Sulong in Kuala Lumpur

THE South Malaysian state of Johore, the country's premier rubber and palm oil producing state, is going into large scale cultivation of cocoa.

The Johore State Economic Development Corporation will begin work on a 20,000 acres cocoa estate in the Segamat district this year, in addition to another 20,000 acres in the Kota Tinggi district which would be planted with cocoa, palm oil and rubber.

Malaysia accounts for about 1.5 per cent of the world's cocoa output, but its share is expected to increase rapidly within a decade, as large areas come under cultivation.

WASHINGTON — world cocoa bean production is forecast at a record of nearly 1.6m tonnes for the 1979/80 season ending in September next, compared with 1,493,000 tonnes estimated for last season, the U.S. Agriculture Department said. Reuter

Coffee prices fall on output rise forecast

BY OUR COMMODITIES STAFF

SELLING BY both producers and speculators pushed coffee prices sharply lower on the London futures market yesterday. The May position slipped to £1,485 a tonne at one stage, but steadied near the close to end £30 down on balance at £1,508 a tonne.

Some dealers suggested that the fall may have been encouraged by the publication on Tuesday of a forecast by Conti Commodity Services that world coffee prices will fall by around 20 per cent this year.

This forecast was based in part on an estimate that coffee production will exceed consumption by 1.3m bags (60 kilos each) this year.

In Boca Raton, Florida, yesterday Mr. A. F. Beltrao, executive director of the International Coffee Organisation, called on all sections of the coffee trade in producing and consuming countries to co-operate in generic advertising of coffee to ensure that consumption keeps pace with rising production.

He told the annual convention of the U.S. National Coffee Association, that the industry should dispense with "vague pledges to reverse the long-term decline in consumption and instead resolve to take firm decisions for constructive campaign activities."

He said effective promotion of coffee required a general recognition that all sectors of the industry in producing and consuming countries were necessarily inter-dependent and must work together.

"If this is not recognised, there will never be a satisfactory long-term co-operation to achieve the aim of a healthy industry," he declared.

Mr. Beltrao urged that the "tensions and differences" which arose from time to time should not be allowed to disrupt long-term plans. "We must not think of coffee in purely national or sectoral terms," he said.

Dairying still shows best return on capital

THE ALTERNATIVES to dairy farming are unlikely to provide long-term income sufficient to cover the loss of the monthly milk cheque, in spite of the £400-£600 a cow inducements available to producers prepared to stop milk production.

This was the warning given to more than 100 producers at a special dairy seminar at Ellon, Aberdeenshire, yesterday.

"The payments offered under the dairy herd conversion and non-marketing schemes are attractive for four or five years but not for the longer term," Mr. Roy Sutherland, of the economics division of the North of Scotland College of Agriculture, said.

The most likely alternative for many dairy farmers would be a mixed cattle and sheep enterprise, but between 1967 and 1978 the dairying system consistently beat the mixed enterprise on net incomes and return on capital invested. In 1977-78 dairying had a £45 a hectare advantage — worth £5,400 a year on an average 120-hectare farm.

A dairy herd of medium performance would be well over £100 a hectare ahead of all alternative systems on gross margins. Mr. Sutherland said that even if the price of milk fell by 10 per cent then dairying would still be the best long-term proposition.

The warning to producers not to take the so-called golden handshake payments came after 367 Scottish producers had already applied to join one of the two schemes, which were launched two and a half years ago. Both schemes are now due to end on March 31, 1980, although there are some suggestions that they might be extended in a modified form.

Bigger cut in Soviet meat output predicted

WASHINGTON—Total meat production in the Soviet Union this year is projected at 14.2m tonnes (carcass weight), down from 15.5m tonnes produced in 1979, the U.S. Agriculture Department's attaché in Moscow said in a field report.

The report said in spite of the many uncertainties about USSR meat supplies, including possible availabilities of non-U.S. grain and soyabean products, the USSR will be forced to reduce livestock and poultry numbers from current record levels.

There could be close to 1m tonnes of extra meat from distress slaughter of herds and flocks in the first half of the year, but the net impact on meat supplies will be determined by lower slaughter weights and lower animal productivity.

"The best estimate at this time is that total meat supplies could be down 7 per cent to 10 per cent during 1980," the report said.

Total USSR meat supplies, including net imports, this year are forecast at 14.55m tonnes compared with 15.74 tonnes in 1979.

Supplies of grain for livestock and poultry feeding in the first half of this year will be down at least 10 per cent from previously estimated levels, it said.

Our Commodities Staff adds: The USDA forecast shows an even bigger fall than that indicated by the UN Food and Agriculture Organisation earlier this week. The FAO predicted that Soviet meat output would be 1m tonnes or 8 per cent lower than in 1979 at 14.4m tonnes.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply higher again on the London Metal Exchange, reflecting renewed heavy speculative buying, a strong performance on Comex and good trade interest. Forward metal opened at £1,280, owing to the limit-up gain on Comex overnight, and edged up to £1,290 following fresh speculative interest. The market dipped to £1,276 in the rings, however, with widespread profit-taking reported. In the afternoon values moved ahead again as a sharp rise on Comex saw forward metal advance to close a shade below £1,300. In the late inter-office trading the price was quoted around £1,300. Turnover 26,700 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1276, 80, 85, 86, 87, three months £1,276, 77, 76, 75, 76, 77, 79, 79, 78, 82, 85, 86, 87, 85, 83, 84, 84, 85, 84. Cathodes, cash £1233, three months £1255, 53. Kerb: Wirebars, three months £123, 81, 80, 85, 83, 82, 80, 82, 83, 82. Afternoon: Wirebars, three months £1293, 92, 91, 90, 91, 92, 93, 95, 96, 95, 94, 93. Cathodes, three months £1263. Kerb: Wirebars, three months £1295, 93, 94, 95, 97, 98, 99, 98, 97, 96, 97, 98, 97, 98, 97, 99, 1300.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1286-7	+32	1294-5	+36.5
3 months	1285-4	+28	1293-4	+35
Settlem't	1287	+32	—	
Cathodes				
Cash	1233-3	+21.5	1240.4	+26.5
3 months	1252-4	+25.5	1263.4	+26
Settlem't	1233	+21	—	
U.S. Prod	—	......	*121-33	......

I.G. Index Limited 01-351 3466. Three month Copper 1294-1305
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the small investor.

CORAL INDEX: Close 452-457 (+7)

TIN—Barely changed. Forward metal opened higher at £7,360, reflecting the strength of copper and a good rise at Penang. However, the firmness of sterling coupled with hedge selling depressed the price to around £7,316 in the morning rings. In the afternoon three months dipped to £7,300 on renewed hedge selling before recovering to close the late kerb at £7,340, after £7,350, following good covering against U.S. physical demand. Turnover 826 tonnes.

Morning: Standard, cash £7,320, 10, 7,300, 7,290, three months £7,350, 40, 45, 30, 25, 20, 15. Afternoon: Standard, cash £7,300, three months £7,315, 10, 7,300, 16. Kerb: Standard, cash £7,330, 20, three months £7,250.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7290-300	+62.5	7290-300	+20
3 months	7315-50	+26	7310-85	—10
Settlem't	7300	+85	—	
Standard				
Cash	7290-300	+62.5	7290-300	+20
3 months	7315-20	+25	7310-5	—10
Settlem't	7300	+85	—	......
Straits E.	$2160	+34		......
New York				......

LEAD—Firmer following the sharp rise in copper. Forward metal opened around £473 and moved up to touch £480 before closing the late kerb at £477. Reports of recent Eastern European buying of cash material widened the backwardation to around £15, after £19. Turnover 14,250 tonnes.

Morning: Cash £494, 95, three months £475, 77, 78, 80, 78, 79. Kerb: Three months £476, 74, 75, 76. Afternoon: Three months £480, 79, 78, 77, 75, 77, 79, 80, 79. Kerb: Three months £479, 78, 77, 76, 77.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	495-6	+11.5	493-5	+6
3 months	478-9	+4	478-4	+4.75
S'ment	496	+11	—	......
U.S. Spot	—	......	*60	......

ZINC—Higher with the market influenced by the gains in other metals. Forward metal moved up from £374 to touch £380 before closing the late kerb at £378.5 on the strength of copper, lead and gold prompted good initial demand which was later met by hedge selling. Turnover 4,175 tonnes.

Morning: Three months £375, 74, 75, 76. Kerb: Three months £375, 74. Afternoon: Three months £379, 78, 77, 78. Kerb: Three months £378, 78.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	363-5	+5.8	367-9	+9
3 months	678-8	+5	378-8	+8
S'ment	365	+4	—	......
Primw'ts	—	......	*37.5	......

ALUMINIUM—Gained ground with other metals. Forward metal started the day at £905 and moved ahead to £919 before easing to close the late kerb at £914. Turnover 7,175 tonnes.

Morning: Cash £907, three months £909, 10, 09.5, 10, 09, 08, 08.5. Kerb: Three months £908, 07. Afternoon: Three months £909, 10, 11, 12, 13, 14, 13, 16, 17, 19, 17, 16, 15. Kerb: Three months £916, 17, 16, 15, 14, 13, 14.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	905-6	+12	915-5	+16
3 months	908-.5	+10.7	914-5	+14

NICKEL—Moved ahead on short-covering which lifted forward material to the day's high of £3,190 on the pre-market before profit-taking pared the price to £3,170 on the late kerb. Turnover 510 tonnes.

Morning: Three months £3,160, 50, 30, 40, 45, 50. Kerb: Three months £3,155. Afternoon: Three months £3,165, 80, 60, 55, 60, 65, 70, 65. Kerb: Three months £3,170.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3080-30	+50	3050-60	+30
3 months	3145-50	+50	3165-70	+67.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

LME—Turnover 291 (440) lots of 10,000 ozs. Morning: Cash 1,760, three months 1,720, 30, 40, 50, 80, 75, 90, 1,800, 10, 1,800, 1,780, 90, 1,800, 1,795, 95, 80. Kerbs: Three months 1,780, 70, 80. Afternoon: Three months 1,740, 50, 45, 60, 35, 50, 60, 50. Kerbs: Three months 1,760, 65.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	1701.6p	+228	1710.0p	+137
3 months	1739.6p	+235	1752.0p	+162
6 months	175.55p	+255	—	......
12 months	1741.5p	+256	—	......

Silver was fixed £2.294 an ounce higher for spot delivery in the London bullion market yesterday at £17.016. U.S. cent equivalents of the fixing levels were: spot $39.120, up $5.365; three-month $39.658, up $6.101; six-month $39.398, up $5.811; and 12-month $39.338, up $5.883. The metal opened at £15.65-£16.10 ($38-$37) and closed at £39-£40 ($16.85-$17.30).

COCOA

Sales: 2,058 (2,621) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Feb. 5: 149.60 (149.16); Indicator price Feb. 6: 15-day average 145.19 (144.91); 22-day average 144.87 (144.45).

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1480-81	-1.0	1485-70
May	1475-76	-5.0	1477-65
July	1478-79	-5.0	1479-69
Sep	1492-94	-7.0	1436-83
Dec	1617-19	-11.5	1525-15
March	1546-49	-10.0	1553-46
May	1566-68	-8.0	1556

Trading within a £15 range, futures moved to the highs of the day during the afternoon session and closed fully steady. Producers having re-entered the market yesterday were today seeking higher levels for physicals, but buyers reluctant to pay current prices were sidelined, reported Gill and Duffus.

COFFEE

ICS indicator prices for Feb. 5 (cents per pound). Other Mild Arabicas 161.50 (163.33). Robustas ICA 1976 161.50 (163.00). ICA 1968 161.75 (163.25). Unwashed Arabicas 213.00 (same). Comp. daily ICA 1968 181.83 (182.64).

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1488-89	—38.5	1499-72
May	1506-10	—30.0	1513-86
July	1526-27	—30.0	1532-10
Sept	1544-45	—31.5	1550-30
Nov	1544-45	—35.0	1557-38
January	1680-60	—41.5	—
March	1600-60	—45.0	—

Sales: 6,874 (4,104) lots of 5 tonnes.

Robustas declined sharply on the opening call to follow a limit down situation in New York, reported Drexel Burnham Lambert. Commission house selling together with long liquidation triggered some stop loss orders as the market registered losses of up to £44 by midday. In the afternoon further weakness reflected lower New York prices, but previous sellers turned buyers to inspire a £20 rally as the market traded back to the day's highs. The closing call saw values hold steady although some profit-taking was in evidence. Values were finally down £30-45 on balance.

GRAINS

	WHEAT		BARLEY	
M'nth	Yest'rdays close	+ or —	Yest'rday close	+ or —
Mar.	98.95	—0.58	95.85	—0.90
May.	103.80	—0.60	100.00	—0.70
Sept.	86.80	+0.10	83.35	+0.05
Nov.	99.95	......	95.90	......
Jan.	106.65	......	100.60	—0.05

Business done—Wheat: March 99.25-98.90, May 103.50-103.25, Sept. 96.20-96.20, Nov. 99.95-95.90, Jan. 103.60-103.60. Sales: 182 lots of 100 tonnes. Barley: March 96.50-95.90, May 100.70-100.00, Sept. 93.35-93.25, Nov. 96.95-96.85, Jan. 100.65-100.60. Sales: 219 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 94.30, E. Midlands 95.20, N. East 95.60. Feed wheat: E. Midlands 98.80. Other Milling Wheat: E. Midlands 98.70, N. East 98.00.

RUBBER

The London physical market opened uncertain, with good terminal interest throughout the day, and closed quietly steady. Lewis and Peat reported a Malaysian godown price of 375 cents a kg (buyer, March).

Physical closing prices (buyer) were: Spot 82.50p (same); March 80.25p (same); April 81.50p (81.75p).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Mar.	85.00-85.50	85.60-85.20	82.90-82.90
Apr.	84.30-85.00	84.30-84.70	—
Apr.-Jne	85.85-88.20	85.70-85.80	98.80-84.80
Jly.-Sept	88.60-88.85	89.05-89.10	98.70-87.50
Oct.-Dec	90.55-90.80	91.15-91.25	51.50-89.40
Jan.-Mar	91.60-92.00	92.50-92.70	96.00-91.40
Apr.-Jne	92.90-93.20	93.90-94.00	93.50-92.70
Jly.-Sept	94.50-94.80	95.40-95.50	—
Oct.-Dec	95.85-96.25	96.55-96.75	95.85-96.20

Sales: 1,022 (1,120) at 15 tonnes, 13 (67) at 5 tonnes.

SOYABEAN MEAL

The London market opened with losses of 50p on stronger currency and good producer selling of beans, reported T. G. Roddick. Prices continued to move lower on trade selling but found active commission house buying at the close.

Heavy selling from one quarter pushed prices some £3.00 below kerb levels but good support was apparent at the lower levels and prices began to move ahead. Gains of up to £8.00 from the lows were recorded after the EEC only granted export restitution for 20,500 tonnes at 11.978 ECUS, but prices fell back later and half the gains were lost by the close.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	118.60-18.3	—1.70	118.10-19.00
April	115.80-16.8	—1.00	117.00-15.90
June	115.50-15.7	—0.45	115.90-15.50
August	117.00-17.2	—0.80	117.20-16.90
October	115.50-16.5	—0.65	118.00
December	118.60-10.5	—0.45	118.00
February	120.50-21.5	—0.55	—

Sales: 91 (86) lots of 100 tonnes.

SUGAR

LONDON WHITE SUGAR (in order buyer, seller)—April 220.00, 223.00; July 225.00, 240.00; Sept. 225.00, 242.00; Nov. 226.00, 243.00.

LONDON DAILY PRICE (raw sugar): £223.00 (£231.00) a tonne cif for Feb.-March shipment. White sugar daily price was £223.00 (£231.00).

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	227.00-23.00	251.00-32.50	229.50-20.00
May	251.25-31.50	257.80-38.00	239.60-28.00
Aug.	254.25-34.50	239.75-34.00	248.25-30.50
Oct.	235.00-35.25	241.00-41.25	242.00-32.50

Sales: 10,524 (12,256) lots of 50 tonnes.

NO. 4 CONTRACT—Close (in order: buyer, seller only). May 233.50, 235.00; Aug. 236.00, 235.50; Oct. 236.75, 237.00; Jan. 232.00, 232.60; March 237.00, 238.60; May 237.00, 238.50. Sales: 583 (1,156).

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for February 5. Daily price 21.47 (21.51); 15-day average 19.28 (19.87).

Tate and Lyle ex-refinery price for granulated basis white sugar was £318.70 (same) a tonne for home trade and £297.50 (£309.50) for export.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 180 tonnes, bringing the total for the week so far to 439 tonnes. Little fresh interest was shown in the raw material, although users were searching for supplies. The high cost of the fibre together with the relative changes in the inflationary pattern resulted in only a small offtake.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. March 474.6, 476.5, 482.0-474.0, 225; May 505.0, 505.5, 506.5-501.0, 266; July 525.0, 529.0, 532.0-525.0, 630; Oct. 525.0, 526.0, 531.0-525.0, 149; Dec. 526.5, 529.0, 532.0-526.0, 118; March 527.5, 530.0, 532.0-527.0, 48; May 528.0, 530.0, 532.0-528.0, 19; July 528.0, 530.0, 534.5-528.0, 9. Sales: 1,464.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo). May 399, 400, 400, 1; Aug. 410, 411, 415-411, 12; Oct. 412, 413, 415-413, 9; Dec. 413, 414, nil, nil; Jan. 413, 415, 416-414, 3; March 416, 421, 423, 1; May 422, 424, 425, 1; Aug. 423, 428, nil, nil. Sales: 27.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 6 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£760/70
Free Mkt (e)	$2040/2050	......	$1850/195
Copper			
Cash w'bar	£1,294.5	+36.5	£1,005
3 mths	£1,293.5	+35	£1,031.5
Cash Cathode	£1,242	+26.5	£877.5
3 mths	£1,263.5	+26	£1,009
Gold troy oz.	$717.5	+32	$617
Lead cash	£494	+8	£470
3 mths	£478.5	+4.75	£467.5
Nickel	£3,195.78	......	£3,260.17
Free mkt (lb)	305/330c	......	275/320c
Platin'mtr'y oz	£189.0	......	£135
Free mkt	£400.00	+15.15	£324.6
Quicksil'ver	$390/405	+12.5	$350/3
Silver troy oz	1701.6p	+220.4	1486.10
3 months	1759.6p	+265.7	1536.10p
Tin Cash	£7,295	+20	£7,350
3 mths	£7,312.5	—10	£7,217.5
Tungsten 22.04lb	$138.78	......	$138
Wolfrm 22.04lb	$139/144	......	$135/138
Zinc cash	£368	+9	£329
3 months	£378.5	+8	£336.5
Producers	$750/825	......	$780
Oils			
Coconut (Phil)	$885r	—5	$880
Groundnut	$487s	......	‡
Linseed Crude	£421	......	£368
Palm Malayan	$675r	—6	$665
Seeds			
Copra Philip	$585	—6	$570
Soyabean(U.S.)	$308w	—2	$288
Grains			
Barley Futures	£100.00	—0.70	£95.40
Maize			
French No3AM	£117.50	......	‡
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£99	—0.75	‡
Eng. Milling	‡	......	‡
Other commodities			
Cocoa ship't	£1,534	+2	£1,640
Future May.	£1,475.5	—3	£1,478.5
CoffeeF't'rMay	£1,508	—30	£1,800.5
Cotton A.Index	88.10c	+0.25	84.55c
Rubber (kilo)	82.50p	......	69.75p
Sugar (Raw)	£223	—8	£164
Woolt'p's 64s	292p kilo	......	279p kilo

r March. s Feb. u Feb.-March. t March-April. u April. w May. z Indicator. § Buyer. * Nominal.

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HIDES — Leeds auction. Slightly firmer. Second clear ex. 31-35.5 kilos, 45.8p a kilo (45p); 26-30.5 kilos, 54.7p (53p); 22-25.5 kilos, 65.5p (65p). Light cows, 61.2p withdrawn (61p).

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GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.60-£5.00, codlings £2.20-£2.70. Large haddock £4.20-£5.00, medium £3.70-£4.50, small £2.30-£3.00. Large plaice £3.00-£3.70, medium £3.00-£3.20, best small £3.00-£3.60. Skinned dogfish (medium) £8.00. Lemon soles (large) £11.50, medium £6.50. Rockfish £3.00. Saithe £2.80-£4.30.

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MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on February 6. GB cattle 80.41p per kg est dcw (+1.3); GB pigs 65.5p per kg lw (+1.2).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 64.0 to 68.0; Eire hindquarters 68.0 to 72.0, forequarters 48.0 to 51.0. Lamb: English small 54.0 to 60.0, *small 63.0, medium 44.0 to 58.0, heavy 40.0 to 54.0. Imported frozen: NZ PL new season 51.0 to 52.0. Pork: English, under 10 lb 42.0 to 49.0, 100-120 lb 38.0 to 48.0, 120-160 lb 38.0 to 46.0. *Special quotation—Very high quality produce in limited supply.

COVENT GARDEN—Imported Produce: Oranges—Spania: Navel/Navelinas 3.60-4.20; Jaffa: Navels/Shamouti 50/189s 3.75-6.50; Greek: 2.60; Moroccan: 64/113s 3.80-4.00; Egyptian: 3.00-3.30. Satsumas—Spania: 95/189s 3.00-3.80. Lemons—Italian: 100/150s 4.80-5.00; Cyprus: 11-kg 84/120s 3.30-4.40; Greek: 5.00-5.30. Grapefruit—Cyprus: 20-kg 3.30-4.40; Jaffa: Large boxes 32/88s 3.80-4.80; Florida: Pink flesh 36/48s 4.20-4.80. Bitters—Cyprus: 4.50-4.80; Spanish: 5.30. Apples—French: Golden Delicious, boxes 40-lb 138/175 4.20-5.40, 20-lb 2.20-2.70; Granny Smith 20-lb 2.40-3.00, 40-lb 4.50-6.00, Starkcrimson, approx. 20-lb 72s 2.60; 40-lb 5.60-3.30; Hungarian: Starking 40-lb 138s 6.30; Canadian: Red Delicious 40-lb 9.50-9.60; Italian: Granny Smith 20-lb, per pound 0.13-0.15. Grapes—Californian: Red Emperor, per pound 0.45-0.50; S. African: Alphonse Lavallee 14.00. Plums—S. African: Santa Rosa per pound 0.32-0.40, Gaviotas 0.40-0.50. Avocados—Israeli: 4.30-4.80. Melons—Spanish: 15-kg Green 12/15/18s 14.00; Peruvian: 11.00-12.00; S. African: 10-kg White 6.00-7.00. Pineapples—Ivory Coast: Each 12s 0.50-0.70, 6s 1.00-1.10. Onions—Spanish: 6.60-6.00; Dutch: 3.00-3.30; Canadian: 50-lb 4.50. Tomatoes—Canary: 4.60-5.40. Bananas—Jamaican: 28-lb 0.17. Lettuce—Dutch: 24s 2.80; French: 1.10. Cucumbers—Canary: 14/16s 6.20-5.50. Capsicums—Canary: Per pound 0.27-0.33. Celery—American: 30s 5.50; Israeli: 20/24s 8.00; Spanish: 18/36s 3.00-5.00; Italian: 12/18s 4.00. Cauliflowers—French: 24s 6.00; Jersey: 5.00-5.50. Potatoes—Italian: Boxes 20-lb 3.00; Cyprus: 55-lb 4.90-5.00; Egyptian: 5.00. Dates—Tunisian: 30s per box 0.36-0.42; Californian: Per pound 0.30-0.31.

AMERICAN MARKETS

NEW YORK, February 5.

UNSETTLED SITUATION and wild rumours regarding developments in the Middle East contributed to a limit advance in silver and to major gains in gold. Cotton and wheat prices collapsed before the close on stop selling. Continued profit-taking depressed sugar. Maize and soyabeans finished moderately lower. Livestock complex staged a major rally in response to good pre-lenten movement. Coffee and cocoa were featureless. Copper retreated from limit advances and finished with good gains, reported Heinold.

Copper—Feb. 131.90 (129.70), March 133.50 (131.29), April 134.75, May 135.00, July 135.90, Sept. 135.50, Dec. 137.20, Jan. 137.50, March 138.00, May 138.50, July 139.00, Sept. 139.50, Dec. 140.20. Sales: 9,100.

Potatoes (round whites)—March 56.3 (59.3), April 51.0 (62.0), May 72.4, Nov. 72.5. Sales: 567.

¶Silver—Feb. 3775.0 (3485.0), March 3575.0 (3475.0), April 3600.0, May 3625.0, July 3665.0, Sept. 3710.0, Dec. 3764.5, Jan. 3783.0, March 3821.0, May 3859.0, July 3397.0, Sept. 3935.0, Dec. 3989.0. Sales: 4,110. Handy and Harman bullion spot 3900.00 (3500.00).

Tin—730.00-739.00 (772.00-735.00).

CHICAGO, February 5.

Lard—Chicago loose 21.62 (same). New York prime steam 23.12 (same).

Live Cattle—Feb. 68.07 (66.57), April 71.65 (70.35), June 74.70, Aug. 74.57, Oct. 73.20, Dec. 74.35, Jan. unquoted, Feb. 74.20.

Live Hogs—Feb. 39.27 (39.10), April 38.90 (38.32), June 42.57, July 43.60, Aug. 43.40, Oct. 42.75, Dec. 45.50, Feb. 46.70, April 46.10.

Pork Bellies—Feb. 41.72 (40.25), March 42.30 (41.05), May 44.10, July 45.77, Aug. 45.05, Feb. 52.70, March 53.80.

Silver—Feb. 3895.0-2925.0 (3520.0), March 3590.0 (3510.0), April 3610.0, June 3660.0, Aug. 3701.0, Oct. 3742.0, Dec. 3783.0, Feb. 3825.0, April 3865.0, June 3906.0, Aug. 3954.0, Oct. 3998.0, Dec. 4038.0, Feb. 4080.0, April 4112.0, June 4164.0, Aug. 4206.0.

‡Soyabeans — March 674-673 (675), May 685½-686½ (697½), July 718-717, Aug. 725, Sept. 732, Nov. 740-741, Jan. 755-757, March 773½-773.

‖Soyabean Meal — March 184.50-184.20 (185.60), May 189.70-189.50 (190.60), July 195.50-195.80, Aug. 198.00, Sept. 200.00-201.00, Oct. 202.00-203.00, Dec. 206.50-206.00, Jan. 206.50-207.50, March 211.00-211.50.

Soyabean Oil — March 24.38-24.35 (24.41), May 24.95-24.90 (24.89), July 25.35-25.40, Aug. 25.50, Sept. 25.70, Oct. 25.95, Dec. 26.20, Jan. 26.20, March 25.35, May 26.46-26.50.

‡Wheat—March 463½-459 (471), May 475-472 (480½), July 473-475½, Sept. 496-497, Dec. 502-504, March 515½.

WINNIPEG, February 5. §Barley—March 113.70 (115.50), May 114.40 (116.50), July 114.00, Oct. 110.50, Dec. 110.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, February 6.

Wheat—U.S. No. 2 Dark Hard Winter 13.5 per cent, Feb. $207, March $209. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Feb. $207, March $209. U.S. No. 2 Northern Spring, 14 per cent, Feb. $211, March $212, April-May $202, May-June $202.

PARIS, February 6.

Sugar: (FFr per 100 kilos)—March 2080-110, May 2130-35, July 2130-50, Aug. 2154-56, Oct. 2167-75, Nov. 2165-75, Dec. 2185-210, March 2250-40. Sales at call 7.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent. Feb. 100.50, March 101.50 transhipment East Coast. U.S. Hard Winter, 13½ per cent. Feb. 89, March 100 transhipment East Coast.

Maize: U.S./French Feb. 117.50, March 118.50 transhipment East Coast. Barley: English Feed fob Feb. 100, March 101, April 103, East Coast. Dest unquoted.

PARIS, February 6.

Cocoa (FFr per 100 kilos)—March 1356-60, May 1340-49, July 1355-85, Sept. 1360-1400, Dec. 1375-1400, March 1380-1400. Sales at call nil.

INDICES

FINANCIAL TIMES

Feb. 5	Feb. 4	M'nth ago	Year ago
310.45	309.06	291.48	267.01

(Base: July 1, 1952=100)

MOODY'S

Feb. 5	Feb. 4	M'nth ago	Year ago
1449.8	1422.4	1350.1	1019.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 5	Feb. 4	Month ago	Year ago
Spot	449.75	455.66	416.38	373.65
F'tur's	460.67	487.87	486.75	371.08

(Average 1924-25-26=100)

REUTERS

Feb. 6	Feb. 5	M'nth ago	Year ago
1632.6	1631.5	1691.7	1529.3

(Base: September 18, 1931=100)

Coconut output forecast up

MANILA — A private research study commissioned by the Philippine coconut industry has forecast a 9.5 per cent increase in Philippines coconut production this year from 2.1m tonnes in 1979.

Production could grow a further 15 per cent in 1981, following a seasonal production pattern of two good crop years after a year of shortfall, it said.

The study said this seasonal pattern was observed in the 1975-76 period.

LONDON STOCK EXCHANGE

Optimism about steel strike settlement lifts equity index 8.1 to 455.9—Gilts regain poise in late trade

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 28	Feb. 7	Feb. 8	Feb. 18
Feb. 11	Feb. 21	Feb. 22	Mar. 3
Mar. 3	Mar. 14	Jun. 12	Jun. 23

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Leading equities refused to be subdued following the CBI's warning of the steel strike's effects on UK manufacturing industry by the end of the month. Rather, the equity sections responded to optimism about the steel unions accepting British Steel Corporation's revised pay offer. However, the general performance of stock markets yesterday was again marred by prevalent uncertainties in Gilt-edged securities.

The latter market remained sensitive to the latest increase in UK monetary growth following Tuesday's banking statistics. These extinguished any lingering hopes for a cut in Minimum Lending Rate before next month's Budget. Fresh losses ranging to ½ appeared against longer-dated Gilts and rallies failed to hold until the after-hours' trade. Quotations then reverted to overnight list levels.

The £25-paid Treasury 12¼ per cent "A" 2003-05 illustrated the day's fluctuations, falling to 20½ before recovering late in the evening to 21¼ for a net, and rare, gain of ⅛. Short-dated securities likewise settled ⅛ higher on balance in the late trade, having spent much of the session moving erratically and generally lower, sometimes by as much as ⅛.

Investment in the equity sectors appeared to focus on quality stocks. These were usually in short supply and the resultant rises gave overall encouragement to the market. The announcement that Racal is considering a counter offer to GEC's cash bid for Decca caused considerable interest and aroused many other possibilities in Electricals.

Although business was reduced to a trickle in the afternoon, leading shares, after easing a penny from the best, went further ahead after the 3.30 pm close to finish at the day's highest. The FT 30-share index measured this with a final gain of 8.1 at 455.9 after recording a rise of 6.4 at 3.00 pm.

Increased takeover speculation prompted an active Traded option business in Cons. Gold Fields which contributed 415 deals to a total of 753. RTZ were also in demand, recording 116 contracts.

UDT down

UDT were marked down to 39p in reaction to the interim profits setback but closed only 2 down on balance at 42p. The major clearing banks took a modest turn for the better with scattered support prompting improvements ranging to 6. Lloyds, which start the dividend season on February 22, ended 4 to the good at 302p, while NatWest rose 6 to 352p. Discount Houses gave ground in sympathy with gilts. Union dipped 10 to 380p, Gerrard and National relinquished 6 to 226p and Allen Harvey and Ross softened 5 to 330p.

A firmer tone was apparent among leading Breweries with Arthur Guinness adding 2 to 185p and Bass a penny to 198p. Regional issues had a mixed appearance. Morland continued to react to profit-taking and shed 3 to 102p, but Home Brewery improved 10 to 330p.

Leading Building descriptions encountered fresh investment buying. Blue Circle firmed 6 to 300p, while Tarmac added 4 to 202p and BPB 2 to 183p. UBM became a good market and hardened 1½ to 70p. The Timber sector featured Montague L. Meyer which slipped to 93p on the director's denial of a bid approach before fresh speculative buying lifted the price to 99p for a net gain of 4. Travis and Arnold put on 10 for a two-day gain of 17 to 243p in a restricted market, while Mallinson-Denny added 1½ more to 55p and International Timber picked up 2 to 115p. Magnet and Southerns firmed 3 further to 165p. Elsewhere, buying in a thin market lifted Wilson (Connolly) 6 to 193p, but Crouch Group shed a penny to 80p on second thoughts about the interim statement. Ibstock Johnsen revived with a gain of 3 to 73p and Nottingham Brick added 5 to 405p.

Increased interest was shown towards the close in ICI which finished 5 up at 380p. Fisons, at 282p, recovered the previous day's fall of 3 while, in Paints, Leyland stood out with a gain of 3 at 44p.

Stylo good

A resurgence of speculative buying on bid hopes helped Stylo Shoes advance 13 to 173p. Leading Stores made a firm showing with House of Fraser notable for a rise of 4 to 132p helped by Press comment. Marks and Spencer hardened 2 to 89p as did British Home, to 265p, and Gussies "A," to 400p. Elsewhere, Lee Cooper firmed 8 more to 258p on renewed support in a thin market and Dixons Photographic revived with a rise of 5 to 107p. Bolton Textile continued firmly at 35p, up 2, while Bentalls, 36p, and B. and Q. Retail, 82p, closed similarly better.

The Decca bid situation again provided the main source of interest in the Electrical sector. News that Racal is considering making an increased offer left Decca ordinary 55 higher at 535p and the "A" shares 50 up at 425p; these compare with GEC's cash bids of 500p and 400p respectively. Racal fell to 207p following the announcement before settling at 212p, down only a penny on balance, but GEC pushed ahead to close 9 up at 365p. Plessey rose 4 more to 138p, but Ferranti gave up 7 to 483p. Elsewhere, Unitech responded afresh to the good interim results and proposed German acquisition by rising to 270p and closing a net 8 higher at 268p. Renewed demand lifted Bowthorpe 6 to 112p, while Muirhead advanced 7 to 205p and United Scientific 8 to 430p.

Revived hopes about a settlement of the steel strike following news of the new pay offer prompted a better trend in the Engineering leaders, gains of 4 being marked against Hawker, 188p, Tubes, 288p, and Vickers, 133p. Elsewhere, Adwest fell 9 to 185p accompanied by talk that Racal is in the process of placing its holding in the company. Lower interim profits left Mining Supplies 6 cheaper at 78p, after 75p. Serck, on the other hand, closed 1½ to the good at 69p, after 72p: Rockwell International announced yesterday that, following its recent acquisition of a 29.7 per cent stake in Serck, discussions are taking place and that a further announcement will be made as soon as possible. Revived demand lifted United Engineering 4 to 117p, while fresh speculative support prompted a similar improvement to 79p in CompAir.

British Sugar continued the recent recovery with a gain of 6 to 138p in a market none-too-well supplied with stock. Other Foods performed reasonably well with Associated Dairies, a dull market of late on profit margin worries, improving 4 to 174p. Elsewhere, Louis C. Edwards came in for fresh support and added 3 to 62p, while the new nil paid shares put on 2 more to 32p premium. Singlo improved ½ to 18p in response to the interim statement.

The Hotels and Caterers sector was featured by Trusthouse Forte which rose 5 to 162p on renewed investment support.

Metal Box rally

News of the new pay offer to BSC's workers gave rise to hopes that the dispute might soon be ended and miscellaneous industrial leaders were pushed higher. Metal Box were particularly buoyed by the development and rallied 12 to 250p after recent depression following last week's statement that the company would be laying off workers because of the strike. Still responding to Press comment, Glaxo gained 8 to 478p. Pilkington rose 7 to 227p and Turner and Newall 6 to 132p. Beecham added 5 to 124p and BOC International hardened 2½ to 66½p. Elsewhere, persistent speculative buying in a thin market left Diploma Investments with a rise of 27 at 427p, while renewed North Sea enthusiasm prompted an improvement of 4 to 164p in Cawoods. ICL put on 5 to 525p despite the retiring chairman's cautious remarks at the AGM. Sotheby's picked up 12 to 507p on renewed bid speculation. Aeronautical and General Instruments continued firmly at 250p, up 3, while improvements of around 4 were seen in Applied Computers, 305p, Booker McConnell, 270p, Hays Wharf, 150p, Johnson Matthey, 260p, and Kelsey Industries, 130p. Against the trend, National Carbonising came on offer at 113p, down 4. Vinten ended with a similar fall at 130p.

A sensitive market of late, Coral Leisure readily responded to the appearance of buyers and put on 4 to 72p. Ladbroke hardened a couple of pence to 160p; and the company's casino licence appeal is due to be heard on February 27.

A rallying market earlier in the week, Dowty advanced 17 more to close at 186p following the much better-than-expected first-half results. Elsewhere in Motor Components, Dunlop added 3 to 60p. Selected Distributors attracted support and gains of 2 were seen in Godfrey Davis, 134p, British Car Auction, 64p, Caffyns, 175p, and Appleyard, 79p. BSG International also turned better, ending 3 up at 33½p.

Among Publishing issues, Pyramid added 4 to 52p following the surprise announcement of a special dividend distribution to comply with close company status. Benn Brothers added 3 to 68p after the 32 per cent upsurge in interim profits.

Narrowly mixed during the house session, Properties took a distinct turn for the better in the after hour's dealings with Land Securities finally 3 better at 288p and MEPC 2 up at 186p. Stock Conversion recovered to the overnight level of 360p, after 358p, while British Land hardened a fraction to 67½p. In secondary issues, Westminster Property added 1½ to 37½p on the improved annual performance and the prospect of a return to dividends during the current year.

Oils revive

Quite a lively trade developed in the Oil sector and, despite faltering at one stage, the final tone was fully firm with the majority of quotations, ending only a shade below the day's best. Lasmo featured in secondary issues with a further rise of 29 to 472p, while Siebens (UK) closed 8 higher at 680p, after 684p. Demand was forthcoming for Tricentrol which advanced 11 to 274p. Among the leaders, British Petroleum put on 6 to 364p, while the new shares were quoted in fully paid form at 370p, up 8. Shell closed 4 firmer at 350p, after 352p.

Shippings encountered selective demand, with Ocean Transport particularly good at 106p, up 4. James Fisher improved 7 to 263p and Furness Withy 3 to 248p.

Among Textiles, Courtaulds rose 3 to 77p. Tootal added a penny to 29p after further consideration of the company's rationalisation plans announced on Tuesday, while David Dixon, 117p, and Shaw Carpets, 25½p, both firmed around 2.

Currency influences coupled with the strength of the bullion price prompted sharp gains among South African industrials. Barlow Rand jumped 20 to 450p, while Abercom, 145p and South African Breweries, 143p rose 13 and 8 respectively.

Golds sharply higher

South African Golds sprang to life after two days of relative calm as the bullion price surged $32 to $717.50 an ounce ahead of last night's International Monetary Fund gold auction.

Share prices were marked higher at the outset reflecting good overnight demand in the U.S. and edged up throughout the day on small buying.

Demand increased sharply after-hours, however, as the further strength in gold brought out renewed London buying accompanied by aggressive American interest. The Gold Mines index advanced 18.5 to 344.8.

A statement from Gold Fields reiterating the company's warning of possible creeping acquisition of its shares encouraged renewed heavy speculative buying and the shares jumped to a 1978-1979 high of 513p before settling 18 up on balance at 508p.

Other London Financials made good progress aided by strong precious and base metal prices. Rio Tinto-Zinc rose 12 to 412p, after 414p, while Selection Trust gained 8 to a 1979-80 high of 710p and Charter 4 to 156p.

South African Financials mirrored the trend in Golds. Anglo American rose 50 to 650p, De Beers 26 to 500p and GFSA ¼ to £34¼. Further consideration of the recent figures lifted UC Investments another 25 to 480p.

The buoyant copper price was followed by persistent and sizeable Continental buying of ZCI which put on 6 to 50p. Palabora closed 25 to the good at 760p in front of the sharply increased profits and dividend.

Australians were featured by gold issues. Gold Mines of Kalgoorlie rose 16 to a 1979-80 high of 248p and North Kalgurli 8 to 60p. Good results from Western Mining lifted the shares 7 to 230p while Bougainville were 12 firmer at 200p.

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	350	40	5	—	—	—	—	353p
BP	375	26	10	—	—	—	—	"
BP	390	—	—	36	20	—	—	"
BP	400	13	1	—	—	—	—	"
Com. Union	140	14	1	91	—	28	—	145p
Cons. Gold	390	136	17	156	—	—	—	512p
Cons. Gold	420	114	23	135	20	166	—	"
Cons. Gold	460	84	61	108	14	130	—	"
Cons. Gold	500	64	172	82	1	106	10	"
Courtaulds	70	9	—	11	—	12	3	76p
Courtaulds	80	4	25	5½	—	7½	5	"
GEC	330	49	—	65	—	78	2	365p
GEC	360	29	25	45	—	55	—	"
GEC	390	15	6	31	—	—	—	"
ICI	330	53	9	73	—	—	—	378p
ICI	360	32	86	52	—	63	—	"
ICI	390	16	10	33	—	43	—	"
Land Secs.	330	7	10	14	—	—	—	286p
Shell	300	52	8	—	—	—	—	350p
Shell	330	41	5	52	—	59	—	"
Shell	360	22	18	37	—	48	—	"
Totals			527		55		20	
		February		May		August		
Racal Elec.	200	16	2	32	—	32	—	211p
Racal Elec.	220	5	17	90	11	28	—	"
Racal Elec.	240	1	—	12	5	20	—	"
RTZ	300	115	5	135	—	147	—	414p
RTZ	330	85	7	108	—	123	—	"
RTZ	360	65	3	84	2	99	—	"
RTZ	390	29	60	57	—	80	—	"
RTZ	420	12	15	32	12	64	5	"
Totals			109		37		6	

FINANCIAL TIMES STOCK INDICES

	Feb. 6	Feb. 5	Feb. 4	Feb. 1	Jan. 31	Jan. 30	A year ago
Government Secs.	65.49	65.69	65.25	66.45	67.27	67.69	68.12
Fixed Interest	66.98	†67.47	67.46	68.17	68.76	69.04	68.67
Industrial	455.9	447.8	445.7	447.8	453.3	467.6	455.2
Gold Mines	344.8	326.3	336.3	336.4	329.9	350.5	182.6
Ord. Div. Yield	7.17	7.30	7.33	7.30	7.20	7.15	6.87
Earnings, Yld. % (full)	17.68	17.99	18.07	18.00	17.76	17.64	16.42
P/E Ratio (net) (*)	6.95	6.83	6.80	6.82	6.91	6.96	7.90
Total bargains	20,496	19,167	19,899	19,260	21,294	25,564	—
Equity turnover £m	—	86.11	88.41	125.87	122.52	139.17	77.93
Equity bargains total	—	13,826	13,716	15,295	16,188	18,262	13,157

10 am 450.3. 11 am 453.0. Noon 453.6. 1 pm 453.1. 2 pm 453.7. 3 pm 454.2.

Latest Index 01-246 8026.

*Nil=6.70.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.
†Correction.

HIGHS AND LOWS | S.E. ACTIVITY

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low		Feb. 6	Feb. 5
					—Daily		
					Gilt Edged...	129.5	136.5
Govt. Secs.	75.21 (4/5)	63.30 (18/12)	127.4 (9/1/35)	49.18 (3/1/75)	Industrials...	124.6	110.5
					Speculative.	56.7	44.2
					Totals	85.6	76.8
Fixed Int...	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.63 (3/1/75)			
					5-d'y Av'r'ge		
Ind. Ord....	558.6 (4/5)	406.5 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)	Gilt Edged...	117.7	119.8
Gold Mines	360.4 (18/1/80)	129.2 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)	Industrials..	118.0	121.8
					Speculative.	54.7	55.2
					Totals	82.2	84.9

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (52)

AMERICANS (1)
Hutton (E.F.)
BUILDINGS (2)
Newarthill — Nottingham Brick
CHEMICALS (1)
STORES (1)
ELECTRICALS (5)
Bowthorpe — Plessey
Decca — Unitech
Do. A
ENGINEERING (3)
British Steam — United Engineering
United Engineering
FOODS (1)
Edwards (Louis C.)
INDUSTRIALS (8)
Aeronautical & Gen. — Gripperrods
Applied Computer T. — Hunting Assoc.
Christies Int. — Mathesons 7½pc
Diploma — Sketchley
MOTORS (2)
Dowty — Davis (Godfrey)
PAPER (1)
SHIPPING (1)
SOUTH AFRICANS (3)
Barlow Rand — OK Bazaars
Greatermans A
TEXTILES (1)
OIL AND GAS (4)
KCA — Premier Cons.
LASMO — Viking Oil
OVERSEAS TRADERS (3)
Inchcape — Mitchell Cotts
Jacks (Wm.)
TEAS (1)
MINES (14)
East Daggs — Selection Trust
Sth. African Land — U.C. Invs.
Kloof Gold — Anglo-American Inv.
Free State Dev. — Bougainville
Cons. Gold Fields — Gold Mns Kalgoorlie
Middle Wit. — North Kalgurli
Minorco — Pacific Copper

NEW LOWS (14)

BRITISH FUNDS (3)
Treasy. 15pc 1985 — Exchqr. 12½pc 1994
Exchqr. 12½pc 1992
AMERICANS (4)
American Express — Norton Simon
Gillette — Richardson Merrell
CHEMICALS (1)
Burrell
ELECTRICALS (1)
ENGINEERING (2)
Porter Chadburn — Acrow
INDUSTRIALS (2)
Fobel Int. — Brit. Cargo Air Sed.
INSURANCE (1)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	20	58	12
Corpns. Dom. and Foreign Bonds	3	32	31
Industrials	329	154	913
Financial and Prop.	64	94	341
Oils	18	9	20
Plantations	11	1	18
Mines	82	12	55
Others	42	46	74
Totals	569	402	1,462

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Wed., Feb. 6, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., Feb. 5 Index No.	Mon., Feb. 4 Index No.	Fri., Feb. 1 Index No.	Thurs., Jan. 31 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	237.31	+1.6	18.39	6.58	6.86	233.64	231.99	232.84	234.81	225.83
2	Building Materials (27)	231.45	+1.7	17.15	6.78	7.44	227.56	227.84	228.50	230.34	199.41
3	Contracting, Construction (29)	355.39	+0.8	26.17	6.82	4.73	352.69	352.44	353.14	354.04	339.39
4	Electricals (15)	608.93	+2.1	13.30	4.07	10.02	596.50	587.86	588.10	593.83	530.82
5	Engineering Contractors (11)	286.96	+0.7	25.81	8.92	4.93	284.86	285.42	288.31	289.12	347.84
6	Mechanical Engineering (74)	164.10	+1.4	20.91	7.93	5.93	161.86	160.72	161.44	162.53	174.49
8	Metals and Metal Forming (16)	161.84	+1.2	21.03	9.38	5.68	159.95	159.54	160.39	162.86	156.89
	CONSUMER GOODS										
11	(DURABLE) (50)	214.71	+1.1	16.63	5.70	7.42	212.43	213.44	215.21	218.84	198.77
12	Lt. Electronics, Radio, TV (15)	297.76	+1.2	12.90	4.33	9.94	294.10	295.75	297.79	303.80	255.91
13	Household Goods (14)	111.74	+0.3	27.00	9.81	4.46	111.45	111.33	113.56	114.60	161.13
14	Motors and Distributors (21)	112.55	+0.8	23.88	8.29	4.94	111.63	112.05	113.12	114.25	110.70
	CONSUMER GOODS										
21	(NON-DURABLE) (173)	218.87	+1.0	18.47	6.97	6.67	216.76	216.09	218.05	219.98	207.28
22	Breweries (14)	250.35	+0.1	17.85	6.99	6.58	250.09	250.06	250.91	253.06	224.61
23	Wines and Spirits (5)	292.35	+1.0	18.56	6.34	6.65	289.51	287.64	290.51	294.87	291.17
24	Entertainment, Catering (17)	300.22	+1.1	18.59	6.99	6.77	297.01	296.39	297.90	305.51	270.68
25	Food Manufacturing (19)	200.09	+0.8	20.23	7.28	6.11	198.45	197.09	199.57	201.81	196.84
26	Food Retailing (15)	297.84	+1.2	13.95	5.04	8.55	294.17	293.41	296.43	299.14	227.62
32	Newspapers, Publishing (13)	435.78	+0.3	23.16	6.89	5.89	434.38	431.62	432.82	435.56	376.00
33	Packaging and Paper (15)	130.57	+1.4	22.81	8.70	5.64	128.81	127.93	128.13	128.91	133.41
34	Stores (43)	218.45	+1.3	14.09	5.28	9.18	215.75	215.50	218.93	219.37	189.31
35	Textiles (23)	130.75	+1.9	28.17	12.42	4.49	128.30	127.29	126.88	128.19	173.08
36	Tobaccos (3)	214.59	+0.5	26.56	10.68	4.25	213.59	212.53	213.59	215.59	258.27
37	Toys and Games (6)	42.06	+0.2	38.92	17.02	3.24	41.99	41.99	41.45	43.32	98.48
41	OTHER GROUPS (97)	204.51	+1.2	15.51	6.60	7.81	202.16	201.29	202.82	204.96	191.11
42	Chemicals (17)	300.41	+1.1	16.37	6.71	7.85	297.01	297.25	296.83	302.87	272.29
43	Pharmaceutical Products (7)	209.69	+2.4	12.14	6.10	10.04	204.69	202.37	203.58	210.01	233.59
44	Office Equipment (6)	119.04	+1.4	18.41	6.86	6.40	117.43	116.68	116.68	116.40	124.30
45	Shipping (10)	451.73	+1.3	11.72	7.15	10.89	446.02	442.63	443.60	443.12	413.15
46	Miscellaneous (57)	241.55	+0.5	16.44	6.59	7.72	240.28	239.09	241.07	242.79	207.95
49	INDUSTRIAL GROUP (492)	226.78	+1.2	17.60	6.69	7.02	224.14	223.28	224.69	227.10	213.75
51	Oils (8)	740.91	+1.4	15.17	6.44	7.13	730.66	732.25	730.49	747.34	534.45
59	500 SHARE INDEX	267.48	+1.2	17.09	6.64	7.04	264.24	263.56	264.74	268.26	240.65
61	FINANCIAL GROUP (117)	193.94	+0.5	—	5.70	—	193.00	192.54	194.90	196.77	167.51
62	Banks (6)	224.12	+1.3	37.11	5.80	3.44	221.34	222.35	225.70	228.39	197.86
63	Discount Houses (10)	235.90	−1.5	—	8.64	—	239.61	239.66	245.82	245.17	204.90
64	Hire Purchase (5)	178.57	−0.9	18.77	5.33	6.90	180.20	179.56	184.45	183.65	159.52
65	Insurance (Life) (10)	164.93	+0.1	—	6.38	—	164.74	164.14	167.29	168.67	129.81
66	Insurance (Composite) (9)	128.98	+0.4	—	7.53	—	128.46	127.24	129.84	130.39	117.70
67	Insurance Brokers (10)	286.08	+0.5	17.26	6.86	8.32	284.63	282.95	287.69	290.85	301.65
68	Merchant Banks (14)	99.66	−0.2	—	5.97	—	99.89	99.89	101.56	101.79	76.68
69	Property (44)	353.45	+0.3	3.73	3.06	38.41	352.37	351.26	352.66	356.94	281.08
70	Miscellaneous (9)	127.92	—	16.24	7.13	8.08	127.90	127.73	127.45	128.70	112.66
71	Investment Trusts (109)	214.99	+0.1	—	5.76	—	214.77	215.05	216.85	218.23	209.29
81	Mining Finance (4)	205.14	+3.0	11.24	4.31	10.81	199.15	196.54	199.65	197.57	121.21
91	Overseas Traders (20)	392.52	+0.8	12.64	6.86	9.73	389.51	391.85	395.86	395.08	321.74
99	ALL-SHARE INDEX (750)	250.57	+1.1	—	6.36	—	247.91	247.38	248.91	251.70	221.72

FIXED INTEREST PRICE INDICES

	British Government	Wed., Feb. 6	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	100.15	+0.17	—	0.68
2	5-15 years	102.67	−0.27	—	1.88
3	Over 15 years	108.47	−0.31	—	0.56
4	Irredeemables	126.78	−0.31	—	0.00
5	All stocks	103.65	−0.13	—	0.91

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Wed., Feb. 6	Tues., Feb. 5	Year ago (approx.)
1	Low Coupons	5 years	12.64	12.61	10.62
2		15 years	12.64	12.61	12.32
3		25 years	12.64	12.61	13.15
4	Medium Coupons	5 years	14.94	14.92	13.84
5		15 years	14.28	14.21	13.84
6		25 years	14.17	14.13	13.84
7	High Coupons	5 years	15.40	15.39	13.89
8		15 years	14.77	14.71	14.39
9		25 years	14.46	14.41	14.40
10	Irredeemables		11.68	11.64	12.79

		Wed., Feb. 6 Index No.	Wed., Feb. 6 Yield %	Tues. Feb. 5	Mon. Feb. 4	Fri. Feb. 1	Thurs. Jan. 31	Wed. Jan. 30	Tues. Jan. 29	Mon. Jan. 28	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	51.53	†14.38	51.57	51.70	51.81	51.93	51.10	51.02	51.04	62.71
16	Investment Trust Prefs. (15)	47.82	14.10	48.13	48.09	48.09	48.16	48.43	48.43	47.88	47.95
17	Coml. and Indl. Prefs. (20)	61.72	14.50	61.83	61.87	62.10	61.94	62.27	62.21	62.02	69.07

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
LASMO	25p	15	472	+29	472	124
RTZ	25p	11	412	+12	417	226
Decca A	25p	10	425	+50	425	230
CompAir	25p	8	75	+ 4	87	52
ICI	£1	8	380	+ 5	415	314
Cons. Gold Fields	25p	7	508	+18	513	178
GEC	25p	7	365	+ 9	456	311
Racal Electronics	25p	7	212	− 1	276	168½
Shell Transport	25p	7	350	+ 4	402	278
Blue Circle	£1	6	300	+ 6	356	220
De Beers Defd.	R0.05	6	500	+26	500	332
Dunlop	50p	6	60	+ 3	80	43
Marks & Spencer	25p	6	89	+ 2	134	76
Plessey	50p	6	138	+ 4	138	101
Royal Insurance	25p	6	337	—	443	288

LEADERS AND LAGGARDS

The following table shows the percentage changes † which have taken place since December 31, 1979, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Mining Finance	+ 22.97	Motors and Distributors	+ 7.73
Gold Mines FT	+ 21.48	Tobaccos	+ 7.55
Overseas Traders	+ 17.19	500 Share Index	+ 7.28
Building Materials	+ 14.82	Chemicals	+ 6.95
Electronics, Radio TV	+ 14.82	Cons. Goods (Non-Durable) Group	+ 6.39
Office Equipment	+ 13.16	Insurance Brokers	+ 6.38
Newspapers and Publishing	+ 13.06	Financial Group	+ 5.83
Stores	+ 12.86	Insurance (Composite)	+ 5.58
Packaging and Paper	+ 11.77	Pharmaceutical Products	+ 5.49
Consumer Goods (Durable) Group	+ 11.58	Insurance (Life)	+ 5.38
Investment Trusts	+ 11.57	Shipping	+ 5.17
Merchant Banks	+ 11.30	Oils	+ 4.98
Property	+ 11.25	Food Manufacturing	+ 4.85
Metal and Metal Forming	+ 10.39	Textiles	+ 2.17
Capital Goods Group	+ 9.48	Banks	+ 0.86
Discount Houses	+ 9.28	Food Retailing	+ 0.03
Hire Purchase	+ 8.99	Engineering Contractors	− 0.88
Contracting and Construction	+ 8.61	Breweries	− 1.90
Entertainment and Catering	+ 8.61	Wines and Spirits	− 4.23
Electricals	+ 8.52	Household Goods	− 7.25
Mechanical Engineering	+ 8.07	Toys and Games	− 11.77
Other Groups	+ 8.00		
Industrial Group	+ 7.92		
All-Share Index	+ 7.88		

† Percentage changes based on Tuesday, February 5, indices.

OPTIONS

DEALING DATES First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 21	Feb. 1	Apr. 24	May 6
Feb. 4	Feb. 15	May 8	May 19
Feb. 18	Feb. 29	May 9	Jan. 9

For rate indications see end of Share Information Service

Money was given for the call in Premier Oil, Cons. Gold Fields, Lasmo, Tebbitt, Highlands, Shell, Provincial Laundries, UDT, KCA, Lonrho, Siebens (UK), Flight Refuelling, Burmah, S. Hoffnung, Epicure, Phoenix Timber, Otter Exploration, Howard Machinery, Fobel and Amalgamated Estates. Puts were arranged in W. L. Pawson and Town and City, while doubles were transacted in Premier Oil and Siebens (UK).

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P/E Ratio
$70	F.P.	—	92	82	††Alo-kil Chem. 10p	88	+1	f4.2	1.8	8.0	14.0
$63	F.P.	20/2	396	341	B.P. New	368	+6	§15.75	2.8	6.3	6.5
$80	F.P.	7/3	106	98½	Emess Lighting	108	—	b6.0	3.0	7.9	4.9
¶	F.P.	25/1	142	119	Haynes P'blish'g 20p	149	+1	bd6.0	2.1	5.8	10.0
¶	F.P.	11/1	88½	68	Spring Grove 10p	86½	+½	b4.0	1.8	6.6	11.2
‖‖	F.P.	—	£27	£25	Wereldhave NVDFL20	£25	—	QFL6	1.1	6.5	16.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	—	37p	37p	Aurora 3.85% Cum. Pref.	37p	—
¶	F.P.	28/2	28¼	28½	B'mem'th & District W'ter Red. Prf. 1985	28½	−¼
‖120p	Nil	15/2	1ppm	ppm	Clifford (Chas.) 12% Cum. Pref.	1ppm	—
¶	£ 10	30/5	10	8½	Felixstowe Dock 9½% Cum Red Pref.	8½	—
‡‡	F.P.	8/2	88p	85p	Hewitt (J.) 10% Cum. Pref.	87p	−1
¶¶	F.P.	13/3	88¼p	73p	Thorn Elec. 7% Con.Red.2ndCumPrf 82-89	87p	—

"RIGHTS" OFFERS

Issue Price p	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979/80 High	1979/80 Low	Stock	Closing price p	+ or −
12½	F.P.	24/1	21/2	25½	14½	Associated British Engineering	21	—
33½	Nil	—	—	30pm	25pm	Edwards (Louis C.)	30pm	—
40	F.P.	28/1	28/2	90pm	69pm	Elson & Robbins	90pm	+2
60	F.P.	3/1	24/1	825	660	Hammerson Prop. A	810	—
A$1	Nil	—	—	46pm	20pm	Hanimex Corp	20pm	—
60cts	Nil	—	—	415	180pm	Pancontinental	415pm	+30
25	Nil	20/2	12/3	35pm	32pm	Paringa	32pm	−1
25p	Nil	21/2	13/3	40pm	35pm	Premier Cons. Oilfields	40pm	—
64	F.P.	11/1	1/2	49½	44	Wearwell	44½	−1½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
[illegible]

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (C.I.)
[illegible]

Lloyds Bk. (C.I.) U/T Mgrs.
[illegible]

Royal Trust (C.I.) Fd. Mgt. Ltd.
[illegible]

Tokyo Pacific Holdings N.V.
[illegible]

Lloyds Bank International, Geneva
[illegible]

Save & Prosper International
[illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V.
[illegible]

M & G Group
[illegible]

Tyndall Group
[illegible]

Midland Bank Tst. Corp. (Jersey) Ltd.
[illegible]

Samuel Montagu Ldn. Agents
[illegible]

Schlesinger International Mngt. Ltd.
[illegible]

Murray, Johnstone (Inv. Adviser)
[illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd.
[illegible]

Schroder Life Group
[illegible]

Union-Investment-Gesellschaft mbH
[illegible]

Negit S.A.
[illegible]

Negit Ltd.
[illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd.
[illegible]

Pacific Basin Fund
[illegible]

J. Henry Schroder Wagg & Co. Ltd.
[illegible]

Phoenix International
[illegible]

Sentry Assurance International Ltd.
[illegible]

S. G. Warburg & Co. Ltd.
[illegible]

Providence Capitol Life Ass. Ltd.
[illegible]

Singer & Friedlander Ldn. Agents
[illegible]

Quest Fund Mngmnt. (Jersey) Ltd.
[illegible]

Standard Chartered Intl. Bd. Fd.
[illegible]

Warburg Invest. Mngt. Jrsy. Ltd.
[illegible]

Stronghold Management Limited
[illegible]

Richmond Life Ass. Ltd.
[illegible]

Surinvest (Jersey) Ltd.
[illegible]

Wardley Investment Services Ltd.
[illegible]

Rothschild Asset Management (C.I.)
[illegible]

Surinvest Trust Managers Ltd.
[illegible]

World Wide Growth Management
[illegible]

TSB Unit Trust Managers (C.I.) Ltd.
[illegible]

Wren Commodity Trust
[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mngmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd. (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co., Ltd.♥ (a)(x)

Bishopsgate Progressive Mgmt. Co.♥

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd.♥ (a)

Brown Shipley & Co. Ltd.♥

Canada Life Unit Tst. Mngrs. Ltd.♥

Cannon (Assoc.) Mgmt. Ltd.♥

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)

Charities Official Invest. Fund♥

Chieftain Trust Managers Ltd.♥ (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

NOTES

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.♥ (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr.♥ Mgrs.♥

Funds in Court♥

G.T. Unit Managers Ltd.♥

G. & A. Trust (a) (g)

Gartmore Fund Managers♥ (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)♥

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration♥ (a)(c)(g)

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd.♥ (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers♥

L & C Unit Trust Management Ltd.♥

Legal & General Tyndall Fund♥

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group♥ (y)(c)(z)

Mansfield Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

MLA Unit Trust Mngmnt. Ltd.

Minster Fund Managers Ltd.

Murray Johnstone U.T. Mgmt.♥ (a)

Mutual Unit Trust Managers♥ (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Northgate Unit Trust Managers Ltd.♥(c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Practical Invest Co. Ltd.♥ (y)(c)

Provincial Life Inv. Co. Ltd.♥

Prud. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.♥ (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group♥

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd.♥(a)(g)

Scottish Equitable Fnd. Mgrs. Ltd.♥

Sebag Unit Tst. Managers Ltd.♥ (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.♥(a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers♥

Transatlantic and Gen. Secs.♥ (c)(y)

Tyndall Managers Ltd.♥

TSB Unit Trusts (y)

Ulster Bank♥ (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.♥

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.♥

Canada Life Assurance Group

Cannon Assurance Ltd.♥

Capital Life Assurance♥

Charterhouse Magna Gp.♥

Chieftain Life Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.♥

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.♥

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.♥

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.♥

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.♥

M & G Group♥

Manufacturers Life Insurance Co.

Merchant Investors Assurance♥

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.♥

Norwich Union Insurance Group♥

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited♦

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group♥

Schroder Life Group♥

Scottish Widows' Group

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Standard Life Assurance Company♥

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

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Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅝	95⅞	Treasury 9pc 1980‡‡	99⅞	......	9.05	15.83
99⅝	95⅞	Treasury 9½pc '80‡‡	98	+¹⁄₁₆	9.69	17.05
97	92¾	Treasury 3½pc '77-80	96	......	3.65	15.33
97⅜	92¾	Funding 5¼pc '78-80‡‡	96¼	......	5.45	16.33
103⅝	97½	Exchequer 13pc 1980‡‡	98⅛	......	13.25	15.37
102⅞	95⅜	Treasury 11½pc 1981‡‡	97	+⅛	11.86	14.95
93¼	88⅞	Treasury 3½pc 1979-81	91¾xd	......	3.82	12.32
99⅝	92⅛	Treasury 9¾pc 1981‡‡	93¾	+⅜	10.40	15.81

FOREIGN BONDS & RAILS

1979-80 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
57	22	Antofagasta Rly.	57	......	—	—
52	37	Do. 5pc Pref.	50xd	......	—	—
98	98	Chilean Mixed	98	......	—	3.39
65	18	Chinese 4½pc 1898	57	......	—	—
50	21	Do. 5pc 1912	44	......	—	—
28	13	Do. 5pc 1913	24	......	—	—
27	10	Do. 5pc 1925 Boxer	21½	......	—	—
430	400	German Yng. 4½pc	430xd	......	4½	—
52	35	Greek 7pc Ass.	35	......	3½	10.52
51	34	Do 6pc 28 Stab. Ass.	35	......	6	10.88
42	32	Do 4pc Mixed Ass.	34	......	4	7.28
54	42	Hung. '24 Ass.	53	......	—	5.33
60	55	Iceland 6½pc '83-88	55	......	—	15.80
90½	78½	Ireland 7½pc '81-83	82½xd	−1	7½	14.31
87½	69	Do 9⅝pc '91-96	77½	+½	9⅝	13.89
390	215	Japan 4pc '10 Ass	215xd	......	—	—
73	62	Do 6pc '83-88	68xd	......	6	8.82
160	135	Peru Ass. 3pc	155	......	3	2.80
$90	$75	S.G.I. 6½pc 1980	$90	......	6½	7.22
$94½	$92	Turin 9pc 1991	$92	......	9	9.78
DM92	DM91	Turin 6½pc 1984	DM92	......	6½	8.85

INTERNATIONAL BANK

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
86	78	5pc Stock '77-82	82¾xd	+¼	6.03	13.22

CORPORATION LOANS

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101	82¼	Bath 11¼pc 1985	87¼	−1½	13.18	15.15
107⅞	86¼	Birm'ham 12½pc 1985	91	−1¾	14.06	15.65
99¾	96½	Bristol 13¾pc 1981	97	−¼	14.18	16.87
110¼	88¾	Burnley 13pc 1987	92	−1¾	14.49	15.36
100	81	Cardiff 11pc 1986	86¼	−1½	13.23	15.05
103½	93	G.L.C. 12½pc '82	93	−½	13.45	16.22
104¼	89	Do. 12½pc 1983	90¾	−¼	13.77	16.05
95	84	Glasgow 9¼pc '80-82	85	−½	10.89	16.13
79½	64½	Herts 6¾pc 1985-87	67½xd	−¼	9.99	13.85
98	81	Liverpool 9¾pc '80-84	81¼	−1	12.08	15.93
30	23	Do. 3½pc Irred.	25½xd	−½	14.11	—
106⅛	92	Lon. Corp. 13¼pc '83	92¼	−½	14.34	16.01
93½	81	Do. 9½pc '84-85	84½	......	11.38	14.13
84	71	L.C.C. 5½pc '82-84	71¼xd	−¼	7.72	14.49
74½	59	Do. 5½pc '85-87	62¼xd	−1¼	8.92	14.04
74	59	Do 6¾pc '88-90	62¼xd	−1¼	10.87	13.70
26	20¼	Do. 3pc '20 Aft.	21¼	−¾	13.16	—
99¾	93	Newcastle 9¾pc '78-80	95½	......	9.68	17.40
105½	85¾	Snderland 12¼pc 1984	88	−½	13.90	15.83

COMMONWEALTH & AFRICAN LOANS

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
88	81	Aust. 5½pc '81-82	84	......	6.70	15.58
84	74½	Do. 6pc 1981-83	76½	+¼	7.95	14.31
71½	58	N.Z. 7¼pc 1988-92	59½xd	......	12.32	14.48
84¾	71	Do. 7½pc '83-86	72¼	......	10.46	14.42
95	84¼	Sth. Africa 9½pc '79-81	91½	......	10.67	16.99
132	43	Sth. Rhod. 2½pc '65-70	120	−3	—	—
152	81	Do. 6pc '78-81	139	−1	—	—

LOANS

Public Board and Ind.

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
66¾	56	Agric. Mt. 5pc '59-89	57xd	−½	8.83	13.18
97	72½	Alcan 10½pc '89-94	75½	......	15.66	16.50
30¼	24½	Met. Wtr. 3pc 'B'	25¼xd	−¼	11.75	13.71
129	97	U.S.M.C. 9pc 1982	97	......	9.33	—
95	81	Do. without Warrants	87	......	10.57	16.50

Financial

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
107¼	96	FFI 13pc 1981	97	......	13.40	16.37
1⅛	94	Do. 14pc '83	94	......	14.87	16.11
86½	77½	ICFC 5½pc Deb. '80-82	82½	......	6.84	14.78
85	69	Do. 6¼pcDb. '81-84	73	−½	8.76	14.90
95	79½	Do. 10½pc Uns.Ln. '86	84½xd	−1	12.42	14.45
99	77	Do. 11pc Uns.Ln. '88	83½xd	−1	13.17	14.10
101½	80	Do. 11¾pc Uns.Ln. '90	84½xd	−2	13.90	14.80
72½	54½	Do. 7¼pcADeb. '89-92	58	−1	12.87	15.80
69	51½	Do. 7¼pcA Db. '91-94	58	−1	13.20	14.90
72	64	Do. 9pc 'A' '91-94	69	−½	13.79	14.90
78½	61	Do. 8⅞pcLn. '92-97	61xd	−2	14.54	15.20
102	85	Do. 12½pc Uns. Ln. 1992	92	−1½	14.19	

CANADIANS

1979-80 High	Low	Stock	Price	+ or −	Div. Gross	C'vr	Y'ld Gr's
16⅞	860	Bk. Montreal $2	10xd	......	$1.48	—	5.6
*15½	840p	Bk. Nova Scot.	970pxd	......	$1.32	—	5.1
13¼	750p	Bell Canada $8¼	750p	......	$1.64	—	8.3
19½	10⅞	Bow Valley‖	19⅝xd	−⅛	h10c	—	0.2
12½	525p	Brascan‖	920p	......	♦$1.20	—	4.9
19⅞	930p	Can. Imp. Bk. $2	10	−⅛	$1.80	—	6.8
17⅞	12⅛	Can. Pacific $5	16xd	−⅞	$1.80	—	4.2
33¼	28	Do. 4pc Deb. £100	29¾	+¼	4%	—	13.4
49¼	21¼	Gulf Oil Can.‖	48⅜	−½	$1.60	—	1.3
790p	450p	Hawker Sid. Can.‖	660p	−10	80c	—	4.6
26⅞	16½	Hollinger $5	17⅞	+⅛	s$2.20	—	4.7
17⅝	895p	Hudson's Bay‖	10⅞xd	−⅛	♦$1.10	—	4.0
42½	27½	Hud.B.Oil G. $2½	42½xd	+1¼	$2.30	—	2.0
20	13⅞	Imperial Oil‖	17⅛	−½	$1.20	—	2.6
15⅞	820p	Inco	12¼	−¼	60c	—	1.9
740p	475p	Int. Nat. Gas $1	520p	−5	90c	—	6.5
800p	390p	Massey Ferg.‖	485p	+10	—	—	—
202p	103p	Place Gas $1	145p	......	—	—	—
20¼	12⅛	Rio Algom	13⅞	+⅛	$1.50	—	4.2
26⅞	14⅛	Royal Bk. Can. $2	16⅞xd	−⅛	$2.40	—	5.4
22⅞	13⅞	Seagram Co. C$1	19⅞xd	−⅛	$US1.10	—	2.5
14½	840p	Tor. Dom. Bk. $1	10⅞xd	+⅛	$1.36	—	5.0
11⅞	850p	Trans Can. Pipe	945p	−30	$1.16	—	4.6

BANKS AND HIRE PURCHASE

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
288	183	ANZ $A1	230	−1	Q22c	3.7	5.0	5.5
290	180	Alexanders D. £1	208xd	−2	16.0	—	11.0	—
*£151	£66½	Algemene Fl.100	£68½	......	tQ25%	2.1	8.1	5.9
400	270	Allen Harvey £1	330	−5	21.44	—	9.3	—
148	100	Allied Irish	116	......	hQ8.09	—	6.8	—
16¾	12	Ansbacher (H.) 5p	15	......	—	—	—	—
220	140	Arbuthnot L. £1	218	−2	†10.42	—	9.3	—
435	302½	Bk. Ireland £1	345	......	Q25.0	—	7.0	—
£195	£138	Do. 10pc Conv.	£147	......	Q10%	—	†7.0	—
14	7	Bk. Leumi I£1	8	......	Q16%	—	2.5	—
*157	100	Bk. Leumi (UK) £1	110	......	8.57	—	11.7	—
*234	134	Bk. N.S.W. $A1	162	−5	Q18c	3.0	5.7	5.9
352	240	Bank Scotland £1	283	+3	†12.25	5.0	6.2	4.3
£25⅞	£17⅞	Bankers N.Y. $10	£19¼	−⅛	Q$3.30	—	7.7	—
514	360	Barclays £1	422	+4	§16.5	6.2	5.6	5.6
286	230	Brown Shipley £1	278	......	†13.0	—	6.7	—
375	250	Cater Ryder £1	310	......	18.88	—	8.7	—
110	59	Clive Dis'nt 20p	72	......	5.33	—	10.6	—
224	121	Com'l Aus. ($A1)	150	+3	†Q18c	3.0	6.3	5.3
*£17	862	Com'zbk DM 10	910	−10	Q26.69%	—	7.6	—
£181½	900	C'hgn. Hbk. Kr100	975	......	Q12%	—	11.4	—
41	20	Corinthian 10p	36	−2	†1.05	5.9	4.2	4.1
£24¼	£15	Cred. France F75	£17¼	−¼	Q9.87%	—	3.8	—
11	5	Dawes (G. R.)	11	......	—	—	—	—
*£119½	£62½	Deutsche Bank DM50	£66½	−½	Q28.12%	—	5.5	—
90	55	F. C. Finance	63	......	2.2	4.9	5.0	5.0
17	5¼	First Nat. 10p	13¼	−¼	—	—	—	8.8
4	1½	Do. Wrts. 75-83	2	......	—	—	—	—
266	178	Gerrard Natnl.	226	−6	†9.12	—	5.8	—
80	38	Gibbs (A.)	78	+1	2.2	—	4.0	—

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CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
430	97	Coronation	390	+15	Q54c	2.2	7.9
680	132	Falcon Rh.50c	660	+10	Q100c	1.7	10.4
48	11	Rhod'n Corp. 16½p	42	+1	0.56	6.5	1.9
267	70	Roan Cons. K4	217	......	Q0.125	ϕ	3.5
67	26	Wankie Col. Rh.1	56	......	Q9c	1.5	11.1
57	9	Zam.Cpr.SBD0.24	50	+6	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
28	18	Acmex 50c	23	......	—	—	—
18	4	ACM 20c	16	+1	—	—	—
115	50	Bond Corp.	110	......	Q3.75	2.2	1.8
200	100	Bougainville 50 Toea	200	+12	†Q19.8c	1.8	4.9
265	84	BH South 50c	205	......	←—	—	—
12	12	Canada Northwest	12	......	—	—	—
26	8	Carr Boyd 20c	25	+2	—	—	—
£25	340	Central Pacific	£19¾	−¾	—	—	—
318	170	Conzinc Riotinto 50c	295	......	N010c	2.0	1.7
36	14	Coltus Pacific N.L.	21	......	—	—	—
*50	2½	Eagle Corp 10c	36	......	—	—	—
23½	11	Endeavour 20c	21½	......	—	—	—
248	62	G. M. Kalgoorlie 25c	248	+26	†Q3c	—	0.6
320	148	Hampton Areas 5p	305	−5	3.5	2.8	1.6
75	20	Haoma Gold N.L.	35	......	—	—	—
72	25	Metals Ex. 50c	64	+1	—	—	—
306	134	M.I.M. Hldgs. 50c	238	−2	†Q16.1c	1.8	2.9
25	15	Minefields Expl.	19	......	—	—	—
142	30	Mount Lyell 25c	122	−2	—	—	—
44	13	Newmetal 20c	20	......	—	—	—
169	91	††North B. Hill 50c	158	−5	Q12c	1.4	3.9
60	4½	Nth. Kalgurli	60	−8	—	—	—
165	45	Nth. Mining Corp.	136	−9	—	—	—
71	16	N. West Mining N.L.	25	+1	—	—	—
235	76	Oakbridge SA1	203	−9	Q12c	4.7	3.1
112	21	Otter N.L.	106	......	—	—	—
168	53	Pacific Copper	163	+4	—	—	—
*575	125	Pancont'l 25c	440	+30	—	—	—
*62	2	Paringa M&Ex.5p	54	−3	—	—	—
480	248½	Peko-Wallsend 50c	450	......	†Q17.5c	ϕ	2.0
217	125	Seltrust A	178	−2	—	—	—
900	145	Southern Pacific	750	+25	—	—	—
*70	8½	Swan Resources 20c	66	......	—	—	—
16	12	West Coast 25c	13	......	—	—	—
244	121	Westn. Mining 50c	230	+7	†Q7c	1.6	1.7
30	8	Westmex	27	......	—	—	—
95	40	Whim Creek 20c	78	−2	—	—	—
25	10½	York Resources	13½	......	—	—	—

TINS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	27xd	......	1.0	1.9	5.3
435	265	Ayer Hitam SM1	335	......	Q290c	0.9	19.4
72	48	Berali Tin	62	−2	4.5	ϕ	10.4
270	149½	Berjuntai SM1	165	......	‡Q95c	1.0	‡
190	125	Geevor	165	......	8.71	3.1	7.5
11	8	Gold & Base 12½p	11	......	—	—	—
365	295	Gopeng Cons.	355xd	......	25.0	ϕ	10.4
370	269	Hongkong	330	......	35.87	ϕ	17.1
98	64	Idris 10p	92xd	......	28.0	ϕ	12.4
15	9½	Jantar 12½p	15	......	—	—	—
95	38	Kamunting SM0.50	68	......	Q47½c	1.1	15.7
620	210	Killinghall SM1	390	......	[illegible]	—	4.1
585	365	Malay Dredging SM1	555	......	†Q125c	2.6	3.8
57	26	Pahang	27	......	0.44	0.3	2.4
123	60	Pengkalen 10p	96xd	......	6.0	ϕ	8.7
275	195	Petaling SM1	235	......	Q150c	ϕ	15.0
87	53	Saint Piran	60	−2	‡2.5	6.4	‡
58	34	South Crofty 10p	37	......	‡3.0	2.8	‡
230	170	South Kinta SM0.50	210	−5	Q150c	1.0	14.5
430	285	Sthn. Malayan SM1	375	......	Q175c	2.1	9.5
310	210	Sungei Besi SM1	252	......	†Q520c	1.0	42.0
75	25	Supreme Corp. SM1	35	......	Q10c	—	5.8
105	93	Tanjong 15p	100xd	......	24.5	ϕ	6.4
115	90	Tongkah H. Tin	90	......	Q45c	1.3	11.2
280	190	Tronoh SM1	265	......	†Q25c	5.2	2.1

COPPER

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
192	56	Messina R0.50	192	+7	Q10c	ϕ	3.0

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
81	54	Barymin	76	+1	—	—	—
14½	10	Burma Mines 17½p	13½	......	—	—	—
460	170	Cons. Murch. 10c.	412	+5	Q100c	ϕ	15.9
585	260	Northgate C$1	550	......	—	—	—
417	226	R.T.Z.	402	+12	†11.5	3.4	4.0
31	12	Robert Mines	25½	......	—	—	—
65	26	Sabina Inds. C$1	43	......	—	—	—
880	470	Tara Exptn. $1	550	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- § Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ϕ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

ƒƒ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

" Recent Issues " and " Rights " Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......
Bertam	18	......
Bdg'wtr. Est. 50p	353	......
Clover Croft	58	......
Craig & Rose £1	£10½	......
Dyson (R. A.) A	16	......
Fife Forge	38	......
Finlay Pkg. 5p	18	......
Graig Ship. £1	950	+50
Higsons Brew	75	......
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	162	−3
Pearce (C. H.)	385	......
Peel Mills	37	......
Sheff. Refrshmt.	98	......
Sindall (Wm.)	165	......

IRISH

Conv. 9% '80/82	£86	......
Nat. 9¾% 84/89	£71	......
Fin. 13% 97/02	£85½	+¼
Alliance Gas	58	......
Arnott	375	......
Carroll (P.J.)	52	−1
Clondalkin	100	......
Concrete Prods.	83	......
Heiton (Hldgs.)	39	+4
Ins. Corp	200	......
Irish Ropes	55	−2
Jacob	34½	......
T M G	140	−3
Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	22	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Inveresk	5	**Property**	
Barclays Bank	30	Ladbroke	15	Brit. Land	7
Beecham	13	Legal & Gen.	14	Cap. Counties	9
Blue Circle	25	Lex Service	10	Land Secs.	25
Boots	17	Lloyds Bank	24	MEPC	17
Bowaters	16	"Lofs"	3½	Peachey	13
B.A.T.	25	London Brick	6	Samuel Props.	12
Brown (J.)	7	Lucas Inds.	20	Town & City	2
Burton 'A'	22	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	9	Brit. Petroleum	35
Courtaulds	0	Midland Bank	30	Burmah Oil	15
Debenhams	0	N.E.I.	5	Charterhall	6½
Distillers	21	Nat. West. Bank	32	KCA	6½
Dunlop	5½	P & O Dfd.	9	Premier	9
Eagle Star	14	Plessey	10	Shell	28
F.N.F.C.	2½	Racal Elect.	20	Tricentrol	27
Gen. Accident	21	R H M	4½	Ultramar	45
Gen. Electric	30	Rank Org.	18	**Mines**	
Glaxo	40	Reed Intnl.	17	Charter Cons.	10
Grand Met.	12	Sears	5½	Cons. Gold	52
G U S 'A'	30	Tesco	7	Lonrho	12
Guardian	23	Thorn	25	Rio T. Zinc	35
G K N	22	Trust Houses	14		
Hawker Sidd.	16	Tube Invest.	27		
House of Fraser	12	Unilever	40		
		U D T	4		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday February 7 1980

Sterling rises above $2.30

By Peter Riddell

STERLING yesterday rose above $2.30 for the first time in over six months as an already strong demand for the pound was boosted by expectations that UK interest rates would not be cut for some time.

This highlights the recent further erosion in the competitive position of UK goods in recent weeks.

The pound jumped 2.2 cents yesterday to $2.3125—a gain of more than six cents since early last week.

Sterling was also strong against the main Continental currencies — rising above DM 4.00 for the first time since last September.

Consequently, the trade-weighted index of its value against a basket of other currencies rose 0.5 points yesterday to 73.0 compared with a four-year high of 74.0 last July. Apart from expectations of high interest rates sterling was also helped by hopes of an early end to the steel strike.

The latest rise in the pound means hte index has increased 10¼ per cent in the three months since the end of exchange controls. The result is an internsification of the long-standing policy dilemma for the Government. Large-scale intervention would threaten monetary control, while further appreciation would put even further pressure on an already tightly squeezed manufacturing sector.

The recent deterioration in the competitive position of the UK is primarily a result of the rise in sterling, since the recent rate of increase in UK wholesale prices has not been out of line with rises overseas.

The rate of UK earnings growth remains high, however. The Confederation of British Industry pointed out earlier this week that this, coupled with the rise in sterling, meant unit labour costs in manufacturing relative to the UK's main competitors were now 40 per cent higher than the average in 1975.

There are no signs of any change in the official stance. The Bank of England is undertaking smoothing intervention on most days to iron out erratic movements rather than to set any particular level for the rate. This smoothing has been reflected in an underlying inflow of $1bn in the past two months.

Money Markets, Page 25
Editorial comment, Page 20

Continued from Page 1

Racal

while shipping companies who use Decca's navigational systems are also said to be concerned. GEC has said its bid is conditional on no reference heing made.

John Makinson writes: Carr Sebag placed 1.5m Adwest shares with institutions at a price of 184p, but Carr said later that no further sales were planned for the moment. The Adwest share price, which weakened on rumours of the disposal, closed 9p lower at 185p.

The prospect of a new offer from Racal pushed Decca shares above the bid price of either GEC or Racal early on so, under the takeover rules, neither suitor was able to buy Decca for most of the day. Decca ordinary shares finished at 535p, up 55p, while the "A" ordinary shares rose 45p to 420p.

However, GEC announced that it had bought 520,000 ordinary shares on Tuesday at a price of 495p. This is its first purchase so far but its holding of ordinary shares already exceeds the 431,000 which has been slowly built up by Racal. In addition to this, Racal has around 1m "A" ordinary shares. GEC so far has no "A" shares. Racal's own shares ended the day 1p down at 212p, while GEC gained 6p to 362p.

STEELMAKERS' BID TO AVERT ANTI-DUMPING SUITS

Quota pact on sales to U.S.

BY GILES MERRITT IN BRUSSELS AND ROY HODSON IN LONDON

A SPECIAL steel pact that would voluntarily restrict European steel sales to the U.S. is shortly to be put to the Brussels Commission for negotiation with the U.S. Government.

The bilateral agreemant proposed by European steelmakers is a bid to avert the spate of anti-dumping suits by U.S. producers they believe to be imminent. Rather than risk the EEC's expected 1980 steel exports to the U.S. of 5m tonnes being nearly halved as a result of the anti-dumping actions, tha European steel companies grouped in the Brussels based Eurofer "club" are prepared to accept quotas.

The European Commission, responsible for all EEC countries' external trade agreements, will receive formal proposals from the Eurofer producers next week. These will form the basis of negotiations when Governor Reuben Askew, Presidant Jimmy Carter's Special Trade Representative, arrives in Brussels for talks on February 18.

The European steelmakers' offer of concessions takes place with anxiety mounting over a possible trade war between the Common Market and the U.S. Indications by the British Government that it will announce tomorrow that it is taking steps to impose curbs on U.S. synthetic fibres yesterday heightened EEC steel producers' fears that they will be the object of retaliatory U.S. action in the form of anti-dumping suits.

President Carter and Mr. Roy Jenkins, EEC Commission president, recently expressed joint concern that such developments could unravel the General Agreement on Trade and Tariffs Tokyo Round.

In return for voluntarily accepting quotas on sales to the U.S., Eurofer is seeking three things from the Americans:

● The U.S. steelmakers must call off their threatened legal action.

● Future prices for European steel sold into the U.S. should take account of the U.S. trigger price steel imports control system. But the Americans would be expected to apply the trigger price rules with strict fairness, with no further increases in the trigger prices.

● Any agreement should also take account of all other inflows of steel into the U.S.—in particular the big tonnages from Canada, Mexico, and Japan.

Although French, West German, Italian, Belgian and British steelmakers are technically vulnerable to the anti-dumping suits under preparation by U.S. Steel, Bethlehem, Republic and National, they insist that in many product categories the U.S. industry is able to sell at up to 10 per cent below the trigger price.

At the end of last year the Carter Administration agreed to a 5 per cent rise in the trigger for the first quarter of 1980, but that has failed to satisfy U.S. steel industry demands for massive reductions in European steel exports.

There is serious concern among EEC steel producers that U.S. anti-dumping suits would cut 1980 sales by up to 2m tonnes, worth approaching $1bn, because of the consequent loss of confidence among importers once import deposits or provisional duties were imposed pending judgment.

At the same time, they say if sales to the U.S. were voluntarily cut by even 1m tonnes, the EEC's Davignon plan for combatting the steel crisis could be jeopardised by price cutting inside Europe.

The U.S. is not, by the standards of the advanced industrial nations, a big steel importer. Imports account for some 15 per cent of the U.S. consumption of 117m tonnes a year. Britain imports more than 20 per cent of its steel needs, and France and West Germany each more than 40 per ceot.

Mugabe accuses Bishop's forces

BY BRIDGET BLOOM IN SALISBURY

MR. ROBERT MUGABE, the Rhodesian nationalist leader yesterday accused forces loyal to Bishop Muzowera, tha rival party leader, of responsibility for bomb attacks on his Salisbury house and on the house of a senior party aida early yesterday morning.

Mr. Mugabe, at a Press conference, accused Lord Soames, the British Governor, of bias, and auxiliary forces loyal to Bishop Mozowera of widespread intimidatioo in the election campaign.

He described the attacks as "ooly two of very many acts of intimidation" on the auxiliaries' part. He was unhurt but the aide, a member of the party's central committee, is seriously ill.

The auxiliaries, black troops originally recruited by Bishop Muzorewa as a counter-force to the guerrillas are formally under the control of the Rhodesian security forces. British and Rhodesian authorities have consistently maintained that Mr. Mugabe's guerrillas are the source of most of the mounting violence in rural areas.

Yesterday, however, Mr. Mugabe produced a detailed list of some 40 iocideots of alleged intimidation by the auxiliaries, ranging from attempted murder to harassment at political meetings. The Governor did not want to listen to his party's charges.

"Lord Soames should tell os whether his role is to promote the candidates which he feels Britain wants to win the election or whether he is instead to be an impartial Governor. At the moment the British administration is promoting Muzorewa."

Police are holding three man in connection with the incident at Mr. Mugabe's home.

Reuter adds from Addis Ababa: The meeting opened with an attack on British practices in Rhodesia from Colonel Mengistu Haile Mariam, Ethiopia's Head of State. He also told the Ministers that they had failed to keep their pledges on Rhodesia and played into the hands of imperialists and racists.

Philip Rawstorne adds: In the House of Lords, Lord Carington, Foreign Secretary, said that the pricipal threat to fair elections io Rhodesia now came from intimidation of the rural population.

In some parts, it had become impossible for Mr. Nkomo or Bishop Muzorewa to hold meetings.

Parliament, Page 8

EEC Budget action intensified

BY DAVID MARSH

THE GOVERNMENT yesterday vigorously stepped up its campaign to lower Britain's EEC budget contribution by implying the Common Market had broken undertakiogs about UK contributions made 10 years ago.

The leading article in the Treasury's monthly Ecooomic Progress report takes an aggressive line on the contributions wrangle. It says that Britain, with the third lowest Gross National Product per head in the Community, will make about 60 per cent of the total net budget contributions this year unless policies are changed.

The Treasury article has been published at a time when Ministers are becoming more pessimistic about the chances of lowering significantly Britain's prospective £1.2bn net contribution this year.

It says Britain voiced concern during the EEC entry negotiations in 1970 that its net budget contributions would become very large towards the end of the decade because of the predominance of agriculture in Community spending.

The Community then forecast, however, that the UK's prospective contributions would be cut by a reduction in the proportion of the EEC budget taken by agriculture to 60 or even 40 per cent. In fact the article says the Common Agricultural Policy now absorbs more than 70 per cent of the total budget.

"The UK's small farming sector can never attract more than a small share of such expenditure. In 1980 its share of community spending on price support is forecast to be no more than 5.5 per cent."

The article says that, largely because of its heavy dependence on imported food and worldwide trading connections, Britain contributes almost a quarter of the Community's total reveone from tariffs and agricultural reveoues.

It also rejects the argument that Britain's benefits from higher oil prices allow it to sustain tha present level of contributioos without difficulty.

CAP will "cost UK consumer £2.2bn." Page 6

A MILK support price freeze is threatened by the EEC if member governments reject its plans to curb dairy farm production.

Weather

UK TODAY

CLOUDY WITH showers, bright intervals. Temperatures near normal.

London, S.E., E., N.E., Cent. N. England, East Anglia, E. Midlands

Mainly dry, sunny intervals. Max 6C (43F).

Cent. S., S.W. England, W. Midlands, Wales, Channel Is.

Bright intervals, some heavy rain. Max 10C (50F).

Lake District, N. W. England, I. of Man, N. Ireland

Cloudy, some rain or snow. Max 6C (43F).

Borders, Highlands, N.E. Scotland, Orkney and Shetland

Cloudy, wintry showers. Max 3C (37F).

S.W., N.W., Cent. Scotland

Dry with sunny intervals.

Outlook: Unsettled; showers or heavy rain. Snow in North.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	16	61	Locarno	S	10	50
Algiers	F	15	59	London	C	8	46
Amsdm.	R	8	43	Luxmbg.	C	6	43
Athens	S	17	63	Luxor	S	22	72
Bahrain	S	22	72	Madrid	C	7	45
Barclna.	S	15	59	Majorca	F	11	52
Beirut	S	17	63	Malaga	S	17	63
Belfast	R	4	39	Malta	S	18	64
Belgrd.	S	13	55	M'chstr.	R	5	41
Berlin	Sn	−1	30	Melbne.	C	16	61
Biarritz	F	17	63	Mex. C.	S	14	58
Bmghm.	C	6	43	Milan	Fg	3	37
Blackpl.	C	4	39	Mntreal.	S	−8	15
Bordx.	F	13	55	Moscow	Sn	−7	15
Bristol	R	6	43	Munich	C	6	48
Brussels	C	8	46	Nairobi	S	22	72
Budpst.	C	8	46	Naples	C	15	59
B. Aires	S	27	81	Nwcstl.	R	3	37
Cairo	S	20	68	N. York	C	−4	24
Cardiff	R	6	43	Nice	F	13	55
Cas'b'ca	C	15	59	Nicosia	S	16	61
Cape T.	S	30	86	Oporto	R	12	54
Chicago	Sn	−2	28	Oslo	F	−13	9
Cologne	F	10	50	Paris	R	8	48
Cpnhgn.	Sn	−2	28	Perth	S	32	90
Corfu	C	15	59	Prague	F	6	43
Dublin	C	4	39	Reykjvk.	C	1	34
Dbrvnk.	S	15	59	Rhodes	C	15	59
Ednbgh.	F	3	37	Rio J'o	S	29	84
Faro	S	15	59	Rome	S	17	63
Florence	F	15	59	Salzbrg.	R	6	48
Frankft.	F	10	50	Singapr.	S	29	85
Funchal	S	17	63	Stckhm.	Sn	−8	16
Geneva	F	11	52	Strasbg.	C	9	48
Gibrltr.	S	17	63	Sydney	C	25	77
Glasgow	C	3	37	Tangier	C	15	59
G'msey	R	9	48	Tehran	C	0	32
Helsinki	F	−10	14	Tel Aviv	F	17	63
H. Kong	C	6	43	Tenerife	C	20	68
Innsbrk.	F	10	50	Tokyo	S	5	41
Invrnss.	C	1	34	Toronto	Sn	−8	17
I.o.Man	R	4	39	Tunis	S	22	72
Istanbul	C	6	48	Valencia	S	16	66
Jersey	R	9	48	Venice	C	6	43
Jo'burg	S	21	71	Vienna	R	8	48
L. Plms.	C	20	68	Warsaw	C	1	34
Lisbon	R	15	59	Zurich	F	8	46

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Prior's caution gains support

BY RICHARD EVANS, LOBBY EDITOR

MR. JAMES PRIOR, Employment Secretary, appears to be winning his battle in the Cabinet for a restrained approach to further reforms of trade union legislation.

After a 90-minute meeting of Ministers at Downing Street last night called to consider a consultative document on trade union immunities, it was agreed that much more work needed to be dona before legislation could be drafted.

A report will be made to Cabinet today, but it seems certain that further meetings of Ministers will be required next week before the consultative document is published.

There will then be rapid consultations with the TUC and Confederation of British Industry before new clauses are inserted into the Employment Bill, now before Parliament, strengthening the law on secondary blacking and possibly on the unions' right to launch sympathy strikes.

The significance of last night's delay—the consultative document was originally planned for this week—is that Mr. Prior has won his argumeot for the most detailed consideration to be given to the drafting of amendments. He has been resistiog pressures in the Government and on the Conservativa back benches for much stronger curbs on trade union power to be launched immediately.

The signs remain that Mrs. Margaret Thatcher is supporting Mr. Prior in his desire to ensure that the legislation to be introduced will be viable and will stand ths test of time.

Mr. Prior has been preaching the need for caution and he will do so again tonight at a meeting of the 1922 Committee of Tory MPs. There has been growing pressure from the Tory benches, as well as from industry, for a significant strengthening of the law curtailing union immunities.

Another indication of a changing Government attitude towards industrial strife is an invitation from Sir Keith Joseph, Industry Secretary, to the Wales TUC for talks in London later this month.

Robin Reeves, Welsh Correspondent, writes: News of Sir Keith's request emerged yesterday as the Wales TUC's general council decided to keep up pressure on the TUC nationally for industrial action against the threatened steel and coal closures.

It wants the TUC to adopt its own Welsh deadline of March 10 for an all-out strike in steel, coal and transport industries if plans to make 52,000 steelworkers redundant by next August and to step up imports of foreign coking coal remain unaltered.

The stand by the Wales TUC may be ovartaken by events. The TUC'a nationalised industries committee is due to meet next week to discuss the Government's response to its recent brusque letter. This asked the Government if it was willing to facilitate genuine consultations between the British Steel Corporation and the trade unions about the proposed steel closures, hold urgent joint talks on the use of EEC funds, and discuss ways of avoiding the projected increases in coking coal imports.

THE LEX COLUMN

Creeping up on Gold Fields

Consolidated Gold Fields is in a fix, and its plight raises questions of general importance about the Government's attitude towards the ownership of UK quoted companies. Tha removal of UK exchange controls has made it much easier for overseas investors to build large secret shareholdings in UK companies, and to bid for tham. Something like this now seems to be happening to Gold Fields—a business of no small substance. In 10 to 15 years' time, its South African interests will be the world's biggest producer of gold.

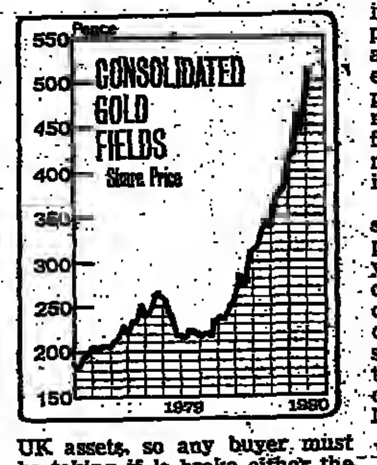
Large numbers of its shares are now being accumulated by unknnwn parties who are not registering their nwnership. The nnly indication of the scale of this operation comes from tha number of outstanding "certifications"—partial disposals by continuing shareholders who apply to tha company for new certificates. Whereas this figure is usually just a few hundred thousand, it could now be 12m or more—far and away ahead of the level of registrations. If these partial disposals have anything like the usual relationship with outright sales (which cannot be tracked if not registered) then a fifth or more of Gnld Field's shares could now be in unknown hands.

If the buyers want to collect the forthcoming interim dividend, they will have to break cover next month. Meanwhile, Gold Fields is rightly drawing its shareholders' attention to these unusual share movements—and reacting with startled leaps to unexpected phone calls. The worry is that the shares could be going to form an opressive minority—controlling the Board without making an outright bid. Even if a bid is contemplated, the mystery buyer would obviously have a head start on any potential white knight.

Ideally Gold Fields would like the Stock Exchange to make those of its members involved in the buying reveal the name of their principals. The vast hulk of trading is done in London and—at least until recently—most of the shares have been held in the UK. But there is not much the Stock Exchange can do unless it feels its rules have been broken. Gold Fields has not made any approach to the Takeover Panel, so it cannot yet fear that the buyer has picked up more than 30 per cent and thus triggered a mandatory bid under the takeover rules.

But Gold Fields has major be aware of the risks it would UK assets, so any buyer must be taking if it broke either the code or UK company law which requires disclosure of holdings that pass 5 per cent.

Index rose 8.1 to 455.9



Dowty

Forecasting the results of engineering companies has become a peculiarly dismal pastime: take last year's figure, subtract a few million for the engineering strike, and then knock off a bit more for good luck. In Dowty's case, soma positive allowance had to be made for the company's growth record. But all the same, expectations were clustered just below last year's interim pre-tax profit figure of £14.1m, and there was astonishment when the group came up with £17.4m.

This figure contains a certain exceptional element, as Dowty's mining equipment contracts in China have largely fallen in the six-month period. These alone have been enough to offset the damage done to profits by the engineering strike. The second half will see an additional, slightly smaller, benefit from China, but by June the last conveyors should have been delivered.

These contracts have not been replaced, and their absence will be felt next year. Although Dowty is holding its own in the important North American mining market, the strength of sterling is forcing it to accept substaotially lower margins in order to hold on to its market share against the German competition. At home, Coal Board orders have picked up after a dull period, but there is little excitement.

Dowty's underlying growth is largely on the aerospace side, where its contracts for the Tornado aircraft are no ming up to the peak le which they should hold f nr five years. Civil aircra is also plentiful, and th problem at the moment i age of capacity. The gr embarking on a heavy sp programme — £20m thi more next — which wil flow at present levels sho no more than push the into modest net borrowin

Having risen 17p to 18 shares stand on 13 time pective earnings and o yield in the region of cent. The glamour rating deserved, and the fashi defence stocks must he shares. But there is a that the market may be over-estimate the susta long-term growth trend.

UDT

The rise in interest ra hit United Dominions hard. With about three-q of lending activity at fixe profit from instalment has probably fallen to £1½m at the half-way stag could be in actual loss second half. Against thi ground, first half prof £7.9m—against £8.5m in are rather creditable. M the compensatory st derived from the Intern Commodities Clearing and the industrial and ca sectors.

Nevertheless, full year p profits are unlikely to cor much higher than £ against £20.1m last tim though in a year in whi terest rates showed a subs fall UDT could make pro the £25m range. The shar 2p to 42p yesterday, whe prospective fully-taxed p above 11. At £25m pre-ta multiple would reduce to a realistic seven times. Any dend looks like heing at 18 months away.

The length of time the remains in the lifeboat depends to a great exte whether the Bank of En designates it a bank or a deposit-taking institution. is borderline between the through on to the side o through onto the side o angels in terms of the c ratios the Bank is taking account.

The group would lik transfer some loans out c lifeboat, but as long as the is in place the clearers coul countenance such a step if were classed as a deposit- Loans to non-banks outsid lifeboat could not be against eligible liabilities.

Gold Fields fails to win support against 'takeover'

BY PAUL CHEESERIGHT

CONSOLIDATED Gold Fields, the London natural resources group, has failed to anlist the support of the Stock Exchange in fending off the takeover threat implied by heavy mystery buying of its shares.

There has been increasing alarm at Gold Fields about this buying, which has more than doubled the price of its shares to 508p since last October. On the market, it is estimated that perhaps 20 per cent of Gold Fields' equity has passed into the hands of "a mystery bidder."

Yesterday the company said the position had been drawn to the attention of the Stock Exchange.

But the submission to the authorities, by Schroder Wagg, the merchant bankers, on Gold Fields' behalf, has not elicited much response.

The City Panel on Takeovers and Mergers would investigate the situation only if it felt 30 per cent of the equity — the trigger level for a mandatory bid — had passed into the hands of another company, or individual, or a group acting in concert, the Stock Exchange said.

The company's share registers have not revealed any concerted buying of the shares. This was the situation in late November when Lord Erroll of Hale, the chairman, warned shareholders of the danger of "creeping acquisition."

Since then, the group said yesterday, "there has been a progressive increase in the number of unregistered transfers held by persons unknown. The number of shares covered by such transfers has increased sharply in the last three weeks."

London jobbers have noticed that the buying of the shares comes in spurts. The mystery buyer takes on shares, delays while the price settles and then moves into the market again.

It is assumed that the shares are passing out of London to a Continental centre and are being held without being registered, pending the accumulation of a parcel large enough to assume a controlling interest.

But the present market price is not wholly the result of mystery buying. There has been considerable short-term speculative interest in the stock, which has attracted buyers because of the advance in gold prices.

The main attraction of Gold Fields to a potential bidder is thought to be its 46 per cent stake in Gold Fields of South Africa, with its string of developed, low-cost gold mines and base metal interests.

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